

## Inflation Threatens New Try At Polish Economic Reform

By Bradley Graham  
*Washington Post Service*

WARSAW — Czeslaw Brobowski created Poland's central planning office in 1945 and watched it grow into the huge bureaucratic structure behind which successive Warsaw governments hid and collapsed.

Now, the 73-year-old economic wizard, summoned to counsel Poland's current leader, General Wojciech Jaruzelski, on a high-priority industrial reform, ruefully concedes that not much ground has been won in the first round of battle against the entrenched central planning apparatus.

"Last year," Mr. Brobowski said, "I predicted the reform would be successful in three years. I still believe that, though I've slipped the starting date ahead one year to now."

If 1982 was the year of the sick in Poland under martial law, 1983 is one for endless tables and graphs outlining a much-heralded, although often contradictory, government push to transfer more decision-making power to factory managers and perhaps later to workers' councils. In East European shorthand, it is a move away from the Soviet model toward the Hungarian.

But the most tangible result so far has been the runaway inflation that threatens Poland's already shaky prospects for recovery.

Absence of encouraging results in the reform's first year is playing to the advantage of middle-level bureaucrats, who resent the changes, and Communist hard-liners, who say that what Poland really needs is even more concentrated central control of the economy.

A worse time for the painful restructuring would have been hard to find. Poland's economy lacks enough consumer goods to reward higher productivity and enough industrial goods to make higher production possible.

Advocates of the reform argue that greater decentralization of the economy provides Poland's only alternative to collapse — and General Jaruzelski as well. "Jaruzelski cannot lose the reform," said Mr. Brobowski. "His fate is connected to it."

This is the third time in three days that a Polish government committee has reduced its budget hand-



MARCHES — Lech Walesa, former leader of the Solidarity trade union in Poland, walked Sunday in a procession carrying a cross adorned with a rosary made by jailed colleagues from prison bread. Page 2

of detailed central direction over enterprises. The past efforts were nowhere.

The current drive grew out of discussions in the 1980-81 Solidarity period that produced the most radical ideas yet for restructuring. What became law, however, has disappointed Poland's more progressive thinkers.

Instead of attacking and altering the bureaucratic agencies that have managed the system, the reform is centered at the individual enterprise level.

In theory, companies have been given more freedom to set production targets and prices, and elected workers' councils are eventually supposed to have a major say in choosing factory managers. But in practice, government ministries are still interfering heavily in the process.

General Jaruzelski's aides attribute the interference more to some ministers' impatience with current industrial performance than to any long-term challenge to the reform.

Others outside the government contend that the problem is more basic, resting in the limitations of the reform itself. "The focus of the reform has been to change the behavior of the enterprises without changing the institutional environment around them," said Leszek

Balcerowicz, leader of a 1981 economic team that presented a more radical program. "The enterprises are thus never really autonomous."

Contradictions started appearing the moment the reform was formally launched, under martial law conditions, at the beginning of 1982.

The government could not withdraw to a position of passive observer all at once, said Mr. Samoilik. "There was an effort to protect socially the consumer groups in the worse situation."

In the next phase this year, the number of centrally run operational programs is being reduced from 14 to six and replaced by a system of less-intrusive government contracts with industry. A gradual lifting of rationing has been announced. So have plans for a new law to crack the cartel behavior of the industrial associations.

But the whole reform could well be wrecked unless the huge increases in wages and prices of recent months are brought into line.

The inflation is traced first to a big jump in personal incomes, up 63 percent last year. Companies took advantage of their new freedom to decide how and when to raise workers' wages, increasing them 50 percent on the average, and the government added sizeable new social payments on top of that.

But facing a chronic shortage of most major consumer goods, this fresh money found its main outlet in thriving black market trade.

To vacuum up the abundance of zlotys, the government raised prices an average of 200 percent last year, and hefty markups continue to this day.

Last week, the authorities presented the Sejm or parliament, with a vigorous anti-inflation program. It includes higher taxes, reduced state spending and higher interest rates. In addition, the Treasury Department, noting a sharp rise in economic crimes last year, has vowed an all-out campaign against profiteers.

A lasting cure for inflation, though, will not come until production revives and pours new goods on the market. A three-year plan introduced this month calls for the value of commodities and services to rise 24 percent by 1985 through improved productivity and better use of existing factories.



NEW PARTY — Maneka Gandhi, daughter-in-law of Prime Minister Indira Gandhi, announcing the formation of a political party in New Delhi. Page 2

## Cambodian Resistance Criticized by France

By William Branigin  
*Washington Post Service*

BANGKOK — France's minister of external relations, Claude Cheysson, has criticized the Cambodian coalition government of resistance groups opposing the Vietnamese occupation of their country and has ruled out a French mediation role in the Cambodian war.

Mr. Cheysson made the statements in a press conference Saturday, the day after foreign ministers of noncommunist Southeast Asian nations and the European Community condemned Hanoi's policies in Cambodia and called for the total withdrawal of Vietnamese troops.

A declaration of war expressed tacit support for the coalition, made up of two noncommunist groups led by Prince Norodom Sihanouk, the former Cambodian head of state, and his one-time prime minister, Son Sann, plus the communist Khmer Rouge removed from power by the Vietnamese in 1979.

Mr. Cheysson also alleged that at the beginning of last month Vietnamese troops backed by armor "destroyed and obliterated the Cambodian civilian settlement of Ong Chan and left more than 40,000 civilians homeless."

The ASEAN-EC joint declaration surprised some Western diplomats by taking up that point in strong tones.

The statement said "the ministers deplored the recent military attacks by Vietnamese armored and artillery forces against" the camps, schools and hospitals built for Cambodian civilians by international relief agencies at the border.

"These attacks constituted violations of the fundamental principles of humanitarianism and the United Nations Charter," it said.

But they said this did not mean combined operations and insisted that the two main "suspicious and often nato partners" would continue to fight the Vietnamese in neutral.

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They feel that neither the Soviet effort to derail the installment of missiles nor the U.S.-Soviet negotiations in Geneva can now halt the movement toward initial deployment.

For many of these officials, the chief question quickly has become the price that countries which accept the missiles will have to pay in civil unrest.

In turn, the debate over the deployment of ground-launched cruise and Pershing-2 missiles has shifted to a much deeper level in Europe than the current discussion in Washington over whether, or when, President Ronald Reagan will move away from his "zero option" negotiating position.

The Reagan proposal calls for cancellation of the U.S. deployment in return for an agreement by the Soviet Union to dismantle all the medium-range missiles it has targeted on Western Europe.

The differences in the tone and topic of the debate on each side of the Atlantic reflect a more fundamental difference between European and U.S. policy-makers over the nature of the Soviet threat and the best ways to counter it, senior British, West German, French and Italian officials suggested in interviews conducted in allied capitals this month.

The lingers and vivid image in Europe of a trigger-happy, nuclear-armed Reagan administration poses as much of an immediate problem for these officials as does the demonstrable Soviet military buildup on their borders.

Such an agreement would mean that the Soviet Union would in effect legitimate the deployment of some of the U.S. rockets, a move that would give Chancellor Kohl, and the governments of Britain and Italy, a powerful argument against demands by peace demonstrators and politicians that there be no NATO deployment.

The Russians may well prefer to see an agreement — particularly if European opinion can be persuaded that Mr. Reagan is to blame for a deployment that could touch off massive unrest and damage the North Atlantic Treaty Organization's key European member governments, some officials fear.

In this analysis, the first deployment is not the end of the fight for public opinion, but the beginning.

Mr. Reagan's public statements and negotiating stance should be attuned to easing the conditions of deployment, say officials dismayed by the confusion and controversy surrounding the sudden firing of

most conservative opposition leaders used the harshest of terms to attack the program. Bernard Pons, secretary general of the national employers' organization, said the government is impossible.

Business leaders generally praised a measure that would increase income taxes by 1 percent to reduce the Social Security budget deficit, since the alternative involved placing this cost directly on them.

But the national employers' organization, the National Council of

French Management, said the full program "would not permit the righting of the economy even though it imposes some very heavy sacrifices on the French people."

The reaction from the trade unions was quite negative.

Henri Krasucki, secretary general of the General Confederation of Labor, the largest labor organization, said "too many workers of modest incomes will see their purchasing power reduced." The French Democratic Confederation of Labor, a group of unions close to the Socialists, said "Employment is the essential objective, it is sacrificed."

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With the travel agents Monday and Tuesday, the travel agents realized the measure would be unpopular. But she added: "This is a national necessity. We're in a situation of economic war."

Another fear is that the Russians are pursuing a strategy at Geneva to maximize the civil disturbances and that hard-line supporters of President Reagan are playing into the confusion and controversy surrounding the sudden firing of

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# Spain Finds Tradition an Obstacle to Modernizing Army

By John Darnton  
New York Times Service

MADRID — The Spanish Army is being revamped under a program aimed at modernizing its training, reducing its size and deploying it to concentrate on defense against a possible threat from abroad rather than on internal unrest.

With the armed forces widely regarded as lagging behind the rest of Western Europe in training, technology and command structure, the defense minister, Narcis Serra, 39, is viewed as a key figure in persuading military leaders that the projected changes are improvements in defense and not an attack on the old order.

The program being instituted by the Socialist government of Prime Minister Felipe González includes many elements that were drawn up by the previous government, headed by Leopoldo Calvo Sotelo, but

shelved after an unsuccessful coup attempt in February 1981. The fear then was that any tinkering with the structure of the tradition-laden army could provoke another coup attempt.

But the threat of a rightist coup seems to have abated, partly because the Socialists' victory in October was sweeping and partly because King Juan Carlos I has made his commitment to democracy clear.

The changes being put into effect first are technical in nature, and those with political implications, such as the redeployment of mechanized brigades away from major cities, have been supported by some military figures eager to bring the army up to an acceptable standard for membership in the North Atlantic Treaty Organization.

"Technical military reform came in a standstill over the last two

years, although some among the military were pressing for it," said Angel Vinas, a military historian. "A lot of internal, in-depth analysis was performed with which the military itself agreed. It was never a question of will but of political strength to push the reforms through."

The aim of the program is to cut the army from 250,000 men to 160,000 and the number of officers by 25 percent. Conscripts, who number 190,000, would serve 12 to 15 months, or three months less now, and would also go on duty in their home areas.

The retirement age for officers would be gradually lowered, eventually reaching 60 years, under a plan that would gently ease them into advisory positions. By December 1984 all 18 lieutenant generals now serving would be out of command slots.

This aspect — reducing the chances of officers to become generals and reducing the tenure of the generals — had been an obstacle to change.

Another key change would base promotions on merit, in accordance with a list of objective criteria and a point system, instead of the present seniority system. The defense minister, Mr. Serra, pledged in recent testimony before a parliamentary panel that when it came to promotions "no officer will be discriminated against because of what he thinks."

Under Franco, the army was a special calling kept apart from the people, it was schooled in the anti-communist crusade and taught to think of itself as the guarantor and repository of the values of the Roman Catholic Church, the family, morality and statehood. Officers, as they had for centuries,

tended to come from military families.

But on a practical and technical level the army was neglected, so it is now oversized and underpaid. Although special benefits exist for such things as housing, the average pay for a colonel is \$1,000 a month and for a captain \$600.

The three major service branches were kept isolated from one another. The army, in particular, became top-heavy with senior officers. In 1980 most of the 565 generals were over 73 years of age, and the youngest was 58.

The present program would reduce the number of military regions from nine to six and substitute a system of as many as 18 mobile brigades for the current pattern of fixed troop assignment.

Other innovations planned for the army include opening it up to women and recognizing exemption for conscientious objectors.

## ETA Groups Claim 2 Abductions

MADRID (UPI) — Authorities mounted a national search Sunday for Diego Prado y Colón de Carvajal, a descendant of Christopher Columbus, and for a Basque businessman abducted in a separate incident. The government offered rewards of 20 million pesetas (\$147,000) for information leading to the rescue of either man.

Meanwhile, in San Sebastián Sunday, an exploding killed a police bomb expert and left another in serious condition. The two men had been trying to dismantle a device that was believed to have been placed in an office building by members of ETA, the Basque separatist group.

ETA claimed responsibility Saturday for the kidnapping of Mr. Prado, 53, who was taken from his Madrid apartment Friday by men posing as plainclothes police officers. The Autonomous Andalucian Committee, an ETA splinter group, claimed the abduction of Jesus Guillen, steel plant manager, on March 21.

## Bonn Urges Census Compliance

BONN (UPI) — The government Sunday opened an extensive effort, which is to include television and print advertisements, to convince West Germans to answer census questions on personal income, country of origin, personal insurance and even home heating.

Interior Minister Friedrich Zimmermann said in an interview with the magazine *Der Spiegel* that the April 27 census would go on, and dismissed a growing movement to boycott it because of fears government agencies would misuse the data.

An opinion poll published recently said that 52 percent of West Germans mistrusted the census questions, and 25 percent of the 21 million West German households would not complete it.

## O'Neill Assures Beijing on Ties

BEIJING (LAT) — The House speaker, Thomas P. O'Neill, assured Chinese leaders Sunday of general congressional support for improving Chinese-American relations, which have been increasingly strained by continued U.S. arms sales to Taiwan.

Representative O'Neill, a Massachusetts Democrat, and his entourage made a nine-day visit by congressional leaders: "Much remains to be done to advance the U.S.-China relationship. As speaker of the House, I can assure you that the overwhelming majority of my House colleagues support further improving and strengthening of relations with China."

Liao Chengzhi, a member of the Communist Party's Politburo, told the congressional leaders at a banquet that Beijing was optimistic about prospects for Chinese-American relations "from a long term point of view." He said: "Although there still exist difficulties and obstacles in the way of Sino-American relations, we shall be able to surmount them and see the healthy development of our relations," providing that the terms of the agreement establishing full diplomatic relations four years ago and the agreement reducing arms sales to Taiwan are fully honored.

## Danes March in Nuclear Protest

COPENHAGEN (AP) — Thousands of Danes marched through head and neck on Sunday to protest the nuclear arms race in general and the planned deployment of new intermediate-range missiles in Western Europe in particular.

In Copenhagen, at least 6,000 assembled in Town Hall Square after a 13-mile (20-kilometer) march from the Danish Defense Command headquarters at Vedbæk north of here.

At Aarhus, Denmark's second largest city, and in a number of other major towns, similar marches attracted more protesters. A wide spectrum of peace movements organized the marches under the slogan: "A Danish No to NATO's New Rockets."

## 2 W. Germans Held in Philippines

DAVAO, Philippines (Reuters) — Two West Germans have been arrested for alleged involvement in subversive activities in the southern Philippines, a senior military official announced.

Colonel Dionisio Tangane said Saturday that Volker Schmidt, 41, from Hamburg, was detained with three Filipinos on Thursday after soldiers raided a house in Davao about 600 miles (960 kilometers) southeast of Manila. Dorothea Brincken, 21, from Kiel, was arrested the following day while visiting the house, he said.

Colonel Tangane said that soldiers seized subversive documents, photographic and printing equipment. He said that Mr. Schmidt, who claimed to be a pastor of a reigious sect and a freelance journalist, was arrested by a guerrilla leader arrested earlier as connected with some of the "orientation programs" of the Communist New People's Army.

## West Bank Schoolgirls Poisoned

TEL AVIV (Reuters) — More than 230 Palestinian schoolgirls were in hospitals Sunday after an apparent mass poisoning that Israeli occupation authorities said might have been caused by Palestinian guerrillas.

Earlier, the Iranian press agency IRNA said about 100 people had been killed in the quake, which measured 5.5 on the Richter scale.

Teheran radio, monitored in London, said only 20 of the injured needed hospital treatment after the series of tremors in the foothills of the Demavend mountain, in the Elburz chain, about 80 kilometers (50 miles) northeast of Teheran.

Most of the deaths were caused by rocks and snow that fell onto a mountain highway linking the capital with Caspian Sea provinces, the radio said, quoting Iranian officials.

Iran said that the hardest hit area was the village of Karaf, where all the mud houses were destroyed, 200 families were made homeless and four persons were killed. Quoting a deputy governor whose name was not given, the press agency said 11 villages had sustained damage and casualties "at various degrees."

The official said that of the 40 injured in Amol, 16 were hospitalized, and that avalanches killed 16 persons on the Haraz highway.

The deputy governor was quoted as saying 15 aftershocks were recorded.

## Andropov Assails U.S. Plan

### To Develop Missile Defense

(Continued from Page 1)

even attractive" because it "seems to be a defensive measure."

"In fact, the strategic offensive forces of the United States will continue to be developed and upgraded at full tilt and along quite a definite line at that, namely that of acquiring a first-strike nuclear capability."

Appears Assailed

The Communist Party daily in Gdansk said Saturday that Mr. Walesa found it "difficult to come to terms with his loss of popularity" and was seeking "sensation" to remain "at the top of world press reports." The Associated Press reported from Gdansk.

The state-run news organizations have largely ignored Mr. Walesa's appearances, but the Gdansk newspaper, *Glos Wybrzeza*, said Mr. Walesa was reaching "for a sensation" by suggesting that there may have been a plot to kill him during his trip to Italy in 1981.

Meanwhile, Warsaw Radio reported Sunday that church officials "never asked the Polish authorities" about including Gdansk in the pope's itinerary. The radio reported to the "great fury" by some Western news organizations that the pope was not to visit Gdansk.

"Under these conditions, the intention to secure for itself the possibility of destroying with the help of the ABM defense the corresponding systems of the other side, that is of rendering it unable to deal a retaliatory strike, is a bid to disarm the Soviet Union in the face of the U.S. nuclear threat."

When the United States and the Soviet Union embarked on arms control efforts, Mr. Andropov said, "they agreed that there is an inseparable interrelationship between strategic offensive and defensive weapons." He pointed out that "it was not by chance" that the Anti-Ballistic Missile Treaty of 1972 was signed "simultaneously" with the

U.S. nuclear test ban.

Andropov "distorted the substance and intent" of Mr. Reagan's plan to develop an anti-missile defense and accused him of "repeating the false allegation that the administration's defense programs represent an effort to attain strategic superiority over the U.S.S.R."

first strategic arms limitation treaty.

"Today, however, the United States intends to sever this interrelationship."

U.S. Reaction

Defense Secretary Caspar W. Weinberger dismissed as "simple, standard" propaganda Sunday the allegation that Mr. Reagan lied about Soviet military strength to draw support for his defense policies. United Press International reported from Washington.

Mr. Weinberger said on a television interview program that the accusation by Mr. Andropov was not "all that remarkable."

"I think they're trying to secure world opinion on their side with a lot of totally incorrect and very false statements," he said.

The State Department said Mr. Andropov "distorted the substance and intent" of Mr. Reagan's plan to develop an anti-missile defense and accused him of "repeating the false allegation that the administration's defense programs represent an effort to attain strategic superiority over the U.S.S.R."

Gains by Soviet Asian Navy Seen

WASHINGTON (Reuters) — The Soviet Navy is increasing its strength in Asia but the United States is still superior, the commander of the U.S. 7th Fleet said in an interview published Sunday.

Vice Admiral Staser Holcomb, in an interview with the magazine *U.S. News & World Report*, said the Soviet Union is becoming much stronger in the northern Pacific and is building up its forces at the former U.S. base at Cam Ranh Bay in Vietnam.

"No question, we have an edge in the Indian Ocean. We have a marked edge in the South China Sea," Admiral Holcomb said. "In the Northwest Pacific, where the Soviets can bring the full range of land-based aviation, submarines, short- and long-range combatant forces to bear in an area they hold dear, the balance has clearly begun to shift," he said.

## Turkey Said to Draft Press Laws

ANKARA (Reuters) — The Justice Ministry is drawing up laws to tighten restrictions on the press in preparation for a return to parliamentary government, the newspaper *Cumhuriyet* said Sunday.

It said that under the rules editors could be jailed for certain offenses, such as refusing to tell the authorities who had written an article, for a maximum of one year and newspapers closed for at least three months.

*Cumhuriyet*, a left-leaning daily, quoted a senior cabinet minister, Ilhan Ozak, whose responsibilities include the press, as saying the draft laws, which the newspaper said may have been caused by "hostile forces, since the Palestine Liberation Organization news agency announced [Thursday] night they had already occurred when actually they only began the following day, on Friday."

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## Nations that joined in the accord included Britain, France and the Netherlands, all of which control territories in or along the Caribbean.

Other signers were Colombia, Grenada, Honduras, Jamaica, Mexico, Nicaragua, Panama, St. Lucia and Venezuela. Four Caribbean nations — Cuba, Costa Rica, Guatemala and Trinidad and Tobago — sent delegations but did not sign because of legislative or constitutional technicalities. Representatives from the four, however, said they supported the accord and expected to join later.

## For the Record

MILAN (AP) — A magistrate has ordered that Angelo Rizzoli and Bruno Tassan Din, two former senior executives of the Rizzoli publishing empire, be released from jail pending further investigation into fraudulent bankruptcy charges.

PARIS (AP) — European Socialist prime ministers — Old Palme of Sweden, Felipe González of Spain and Andreas Papandreou of Greece — will meet in Paris on May 18 to discuss the upcoming summit meeting of seven leading industrialized nations, it was announced.

MOSCOW (AP) — Javier Pérez de Cuellar, secretary-general of the United Nations, arrived Sunday for talks with Yury V. Andropov, Soviet leader. The discussions were expected to focus on Afghanistan.

# Yugoslav Regionalism Brings Disarray

Provincial Rivalries Hamper Attempts to Reform an Ailing Economy

By Dan Fisher  
Los Angeles Times Service

BELGRADE — A new play was banned recently after only nine performances in the capital of Yugoslavia's Vojvodina autonomous province. Later, in Croatia and Bosnia-Herzegovina, two of the country's six republics, it was denounced as dangerously nationalistic.

But the play is drawing sellout crowds in Serbia and it won an award in a competition in Slovenia.

This is one example of why it is said that there is no Yugoslav "ship of state" but rather a convoy consisting of the country's constituent parts. It also shows that the elements of that convoy frequently head in different directions.

The decentralized structure that makes such differences possible in a one-party system is often cited as a masterstroke of the late president, Tito. It was one key to forming a nation, after World War II, out of a collection of peoples whose ethnic hatreds are centuries old.

But economically, and without Tito's enormous authority, it is generating more than a prominent Yugoslav lawyer calls "chaos" that is worse than that. The Yugoslav Supreme Court ruled last year that rationing is illegal except on a national basis. Yet today about 40 percent of the more than 500 communes — political subdivisions roughly analogous to counties in the United States — have established rationing programs.

The Yugoslav leadership has devised an economic stabilization program that it hopes will carry the country through the short-term crisis. The plan includes a strong dose of austerity and \$4.5 billion in new Western credits, loans and payment deferrals.

However, there is continuing disarray in the making of day-to-day decisions, and this not only calls into question the government's ability to address the long-term problem but disrupts the ef-

fort in cope with short-term difficulties as well.

Early this year, for example, the federal government allocated \$30 million for imports needed to overcome critical shortages. About that same time an epidemic of influenza hit 60,000 people in Belgrade alone, and there were virtually no antibiotics to be found. The emergency funds to import them went unused because the six republics and two autonomous provinces could not agree on how the money should be distributed.

A Yugoslav newspaper recently described the country as having "eight economies and eight ideologies." Actually, the situation is worse than that. The Yugoslav Supreme Court ruled last year that rationing is illegal except on a national basis. Yet today about 40 percent of the more than 500 communes — political subdivisions roughly analogous to counties in the United States — have established rationing programs.

The parish priest, Henryk Janowski, led prayers for a general amnesty and the release of imprisoned Solidarity activists. A former Solidarity official prayed for revival of the union. Solidarity's right to exist was suspended when martial law was declared in December 1981, and the union was dissolved in October.

The local bosses, meanwhile, are interested in having as many factories as possible," a former government official said. "It's no skin off their nose whether the factories are profitable or not," he said, thanks to a system under which profitable companies pay into a general fund to cover the losses of unprofitable ones. This "socialization of losses" is only now being phased out.

That some kind of change is necessary is not questioned. What is at

issue is what kind of change, and how far it should go.

One problem in discussing change is the old sensibilities. Many people think, for example, that greater central influence on the economy, if only in terms of financial discipline, is vital.

But for others, any sacrifice of regional autonomy would

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## FBI Questions Soviet Role in Protests

### Study Says Moscow Does Not Control U.S. Nuclear Freeze Movement

By Leslie Maitland  
New York Times Service

WASHINGTON — The Federal Bureau of Investigation has determined that the Soviet Union does not "directly control or manipulate" the U.S. nuclear freeze movement, according to an unclassified version of the report.

"Based on information available to us, we do not believe the Soviets have achieved a dominant role in the U.S. peace and nuclear freeze movements, or that they directly control or manipulate the movement," according to the report, which was released Friday.

In November, President Ronald

Reagan said that "foreign agents" had helped instigate the freeze movement in the United States. He said "plenty of evidence" existed that foreign agents were sent to "help create" demonstrations in favor of a nuclear weapons freeze, such as the rally held on June 12 in New York. His remarks drew criticism from organizers of the rally, from the American Civil Liberties Union and from several members of Congress.

The study, made public by Representative C.W. Bill Young, Republican of Florida, says the FBI does not believe the Soviet Union was responsible for the large turnout at that rally.

The overwhelming majority of the nearly one million people that attended the June 12 rally were members of independent peace and civic organizations, and they attended the rally as an expression of legitimate concerns about nuclear weapons," the study says.

It adds, however, that "Soviet-controlled organizations participated at the highest levels of the June 12 Committee and exerted pressure" on it to focus on U.S. rather than on Soviet, weapons policies.

The report also says, "It is extremely difficult to determine the extent to which various peace organizations and coalitions are

being influenced or manipulated by the Soviet Union."

The report, dated March 1983, has been requested by the House Permanent Select Committee on Intelligence, according to an FBI spokesman.

Mr. Young said he had asked the bureau to declassify portions of the report "so we can share with the American people the extensive Soviet propaganda effort being undertaken within our own borders." He said, however, that the actual report was much longer than the 27-page declassified version and that "most of the very convincing material unfortunately is still classified." Mr. Young said he had asked the bureau to declassify more of it.

While assessing the Soviet role as less dominant than Mr. Reagan had suggested, the bureau's report does say that within the past two years, the Soviet Union had increased its efforts to exploit the peace movement.

According to the FBI study, Soviet intelligence has tried to develop contacts with U.S. religious figures, believing that their participation in the peace movement "tends to the aura of moral legitimacy" to it.

It also charges the KGB, the Soviet secret police, with collecting information on U.S. peace activists in an effort to determine if any are "vulnerable" to being recruited.

• "Questionable military missions." The letter suggested that the administration was pursuing unrealistic and expensive capabilities: to launch sea-based air attacks on Soviet ports, for example, and to prevail in a nuclear war.

• "Duplication and redundancy." Among examples, the letter cited were simultaneously improving the B-52H penetrating bomber and procuring the B-1 penetrating bomber.

• "Expenditures with ill-defined purposes." The letter posed several questions: Is it necessary to have troops with ammunition stocks sufficient for 90 days of combat? Could military bases around the world be cut back?

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The advertisement, which represented a break by the nation's busi-

ness community in support for Mr. Reagan's budget policies, prompted Mr. Clark to write the six a letter last month defending the military spending.

The six former officials acknowledged that "none of us is an expert in the field of strategic planning or military procurement," but they listed several broad areas of military spending where they believed, after consulting with experts, that proposed expenditures had not been fully justified:

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## 6 Former U.S. Cabinet Secretaries Criticize Pace of Military Buildup

By Paul Taylor  
Washington Post Service

WASHINGTON — A bipartisan group of former cabinet officials has criticized the pace of the Reagan military buildup and said "there is no reason to believe that throwing money at defense now will achieve more satisfactory results than throwing money at social programs in the 1980s."

Overspending on the military will weaken the national economy and create a political backlash that will weaken the national security as well, the six former cabinet officials wrote Saturday in a letter to President Ronald Reagan's national security adviser, William P. Clark.

"In the present fiscal climate excessive short-term military spending can actually be harmful by undermining the political consensus required for a sustained defense buildup," said the group, which was put together by Peter G. Peterson, secretary of commerce in the Nixon administration.

"History teaches that no nation can long maintain a strong foreign policy without a strong economy. One need only look at countries whose economies have declined to

see how rapidly they have turned inward, become absorbed with protectionist measures, and faded as major forces in the world."

Five former secretaries of the Treasury joined Mr. Peterson in signing the letter: W. Michael Blumenthal, John B. Connally, C. Douglas Dillon, Henry H. Fowler and William E. Simon.

Mr. Blumenthal served under President Jimmy Carter; Mr. Connally and Mr. Simon under President Richard M. Nixon; Mr. Fowler under President Lyndon B. Johnson; and Mr. Dillon under President John F. Kennedy.

In January the same six former officials enlisted 500 business leaders and academicians in co-sponsoring full-page newspaper advertisements that called on the Reagan administration and Congress to cut \$25 billion from military spending in fiscal 1985 and \$60 billion from middle-class entitlement programs, and to enact \$60 in tax increases.

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## Swaziland Leader Is Loser in Power Struggle

### Dismissal of Reformer Is Linked to Rivalries Within Royal Family

By Allister Sparks  
Washington Post Service

LOBAMBA, Swaziland — A quiet palace revolution over the past few days has removed from office the mildly reformist prime minister of Swaziland, the small, independent kingdom sandwiched between white-ruled South Africa and black radical Mozambique.

Prince Mabandla Dlamini, who was specially chosen for the job three years ago by the aging King Sobhuza II, was dismissed March 21 on orders from Queen Regent Dzeliwe just seven months after King Sobhuza's death.

He was replaced on March 23 by another member of the dominant Bhekizimpi clan, Prince Bhekizimpi, who is more of a traditionalist.

[South African Foreign Minister R.F. Botha announced Saturday that Prince Mabandla has arrived in South Africa "to think about his future," United Press International reported from Johannesburg.]

[Mr. Botha said in a television interview that Prince Mabandla and his family arrived in South Africa in the past few days but added, "We have nothing to do with him and he is here to visit."]

The upheaval has caused speculation here that South Africa may have had a hand in the palace revolt, but well-placed local and diplomatic sources say there is no evidence to support that theory.

As one Western diplomat put it: "This all happened in the inner recesses of the royal family and the lines of power there are so complicated not even many Swazis understand them properly. I don't think the South Africans could have pulled off anything even if they had wanted to."

The suspicions of South African involvement stem in part from Swaziland's strategic position and also from frequent claims by Pretor-

ria that the country is used as a conduit for insurgents of the African National Congress based in Mozambique.

Another factor is that Prince Mabandla was the one member of the Swaziland government who was conspicuously cool to South Africa's attempt last year to hand over tribal land to Swaziland. Such an action would have furthered Pretoria's policy of declaring tribal lands independent in order to turn over its own black to statutory foreigners.

The plan was stymied by black South African leaders who successfully challenged it in the courts and by King Sobhuza's death. Sources here, however, say that the group that plotted Prince Mabandla's downfall is eager to see the land agreement revived.

So it Prince Bhekizimpi, though local sources say he was not among the original conspirators.

Despite the rumors, the removal of Prince Mabandla appears to have been the result of a power struggle with little outside involvement or even ideological content.

The dismissal came as a surprise not only to him but to most Swazis. Only a week before, he had appeared to be winning against his enemies on the Supreme National Council, or Lijqoq, a repository of tribal traditionalism that had grown into a rival government after King Sobhuza's death.

Queen Regent Dzeliwe summoned Swaziland's 400 chiefs to her royal cattle corral at Lobamba on March 15 to make clear her support for Prince Mabandla.

But over the next 48 hours heavy pressure apparently was brought to bear on the queen regent to change her mind.

George Msibi, a powerful member of the Lijqoq and one of Prince Mabandla's opponents, said

in an interview that on the morning of March 17 other members of the royal family called on the queen regent.

Prince Mabandla, however, started becoming his own man.

The traditional restraints reportedly irked him. Insiders say he began clashing with the king. He appointed a commission to investigate corruption, which alarmed several members of the Lijqoq. The king dismissed the commission.

"They asked her to explain certain things about the procedure she had followed at the meeting on the 15th," Mr. Msibi said. "I don't think it threatened her. I don't think it came to that."

But by that evening she had agreed to sign the dismissal order.

Throughout his 61-year reign King Sobhuza tried to reconcile his deep attachment to Swaziland tradition with his awareness that his backward country needed to catch up with the rest of the world.

He tried to synthesize the two ideals, playing both modern and traditional roles. Sometimes he appeared at functions wearing animal skins and feathers and at other times in a field marshal's uniform with gold epaulets.

In the last three years of his life, King Sobhuza did two things that he apparently thought would help continue this synthesis after his death.

The selection job fell to the Lijqoq, which is believed to have made its choice but not yet announced it. The word among foreigners is that he is an 11-year-old named either Prince Makhosetse or Makhosenele.

He is said to have been sent to Britain with his mother to be educated and will be officially named only when his schooling is finished.

Prince Mabandla, then in his mid-40s, had not had a day's experience in politics. He had a degree in commerce from a South African university and was the successful managing director of a large sugar estate.

What King Sobhuza had in mind, local political analysts speculate, is that the Lijqoq should become the policy-making body after his death, ensuring the continuation of traditionalist policies. At the same time, the analysts say, there would be a modern and efficient prime minister to carry out the programs.

## Mugabe Vows to Crush Rebels Loyal to Nkomo

By Joseph Lelyveld  
New York Times Service

HARARE, Zimbabwe — Prime Minister Robert Mugabe, speaking in the same stadium where he made a speech on national reconciliation when independence was achieved nearly three years ago, has vowed to "fight and fight" until armed resistance from partisans of his exiled rival, Joshua Nkomo, is eliminated.

More than 30,000 of the prime minister's supporters packed the stadium Saturday for what turned out to be the biggest rally Mr. Mugabe has addressed in the capital since Zimbabwe, formerly Rhodesia, attained nationhood in April 1980.

Mr. Mugabe also gave his most complete statement yet on the troubles in Matabeleland, in southwestern Zimbabwe, where the government has been seeking to quell former guerrillas who fought with Mr. Nkomo in the civil war against the white minority government. The government describes them as "dissidents."

The speech was at once defensive in tone and uncompromising. Mr. Mugabe virtually dashed lingering hopes for renewed attempts at a political reconciliation with Mr. Nkomo's party, the Zim-

babwe African People's Union, or ZAPU.

Mr. Nkomo fled into exile earlier this month and is now in London.

"It does not pay us to engage in talks," Mr. Mugabe said, alleging that the organized remnant of Mr. Nkomo's party "sponsors dissidents and encourages them to commit robberies, rapes, kidnappings and assassinations."

The prime minister repeated previous statements that Mr. Nkomo, who crossed into Botswana after his passport was confiscated before going to London, was free to return to Zimbabwe and that his physical safety would be guaranteed.

But he offered no assurances that he would not face prosecution on various minor charges.

Mr. Mugabe then blamed the conflict in Matabeleland on Mr. Nkomo.

The only issue, he insisted, was "It's a war based on the fact that Joshua Nkomo is not in government," he said. "This country can't go to war because one individual has not been given the status of prime minister."

Mr. Mugabe seemed especially upset by the impression being conveyed abroad in news reports that

his party, the Zimbabwe African National Union, was a tribal party fighting a tribal war against a minority. Government forces have been accused of killing hundreds of unarmed Ndebele-speaking civilians in Matabeleland. The area is the homeland of the Ndebele people, who support Mr. Nkomo.

"My government will never, never allow itself to fight a tribal war," he said. "But as long as dissidents come from a particular part of the country, we will send troops to that area."

■ Reporter's Notebooks Seized

A British journalist says the Zimbabwe police have seized his passport, camera, tape-recorder and notebooks and searched his hotel room, The Associated Press reported from Harare.

"They said I was under investigation but not under arrest," said David Blundy, Middle East correspondent for the Sunday Times of London. "I really don't know what it's all about."

Mr. Blundy said four policemen visited his room on Saturday, two days after Nick Worrall, a British free-lance journalist, was ordered to leave the country by the end of the month. Information Minister Nathan Shamuyarira has called his reports "gross distortions."



ALIEN PATROL — U.S. Border Patrol agents near San Diego have been issued infrared goggles for night vision and all-terrain vehicles, and officials said the equipment has helped to halt nearly all illegal entries along that part of the border.

## Secret Study Says U.S. Could Test Laser Weapons in Space by 1993

By Patrick E. Tyler

Washington Post Service

WASHINGTON — A classified government study completed last year criticized the pace at which the United States was funding the development of high-energy laser weapons for use in outer space and concluded that such a weapon could be ready for flight testing in 1993 with a total system price tag of \$30 billion.

The Pentagon, through its Defense Advanced Research Projects Agency, now has contracts out for all of the major components of a space-based laser system in a consortium that includes Lockheed Corp., TRW Inc. and Eastman Kodak Co.

Many components of the project are highly classified and carry exotic code names, such as Lockheed's "Talon Gold" system for optical pointing and tracking gear that enables the laser to spot and fire on pinpoint targets thousands of miles away. But many details of the laser weapon's components are known and have advanced to the engineering stage.

A low-powered version of the laser similar to the one under development by these companies destroyed an unarmed and stationary Thor nuclear missile in a still-secret Pentagon test last fall, according to knowledgeable aerospace industry and congressional sources.

After King Sobhuza's death, the political vacuum was made greater by the complicated and lengthy succession procedure.

The selection job fell to the Lijqoq, which is believed to have made its choice but not yet announced it. The word among foreigners is that he is an 11-year-old named either Prince Makhosetse or Makhosenele.

He is said to have been sent to Britain with his mother to be educated and will be officially named only when his schooling is finished.

Prince Mabandla, then in his mid-40s, had not had a day's experience in politics. He dismissed a key member of the Lijqoq, Prince Polycarp Dlamini, from his cabinet.

On February 15 he suspended parliament and began ruling by decree, claiming there had been an attempted coup against him. He ordered the arrest for sedition of two royal members of the Lijqoq.

Then the tide began to turn. The queen regent reinstated Prince Polycarp. Finally there was the queen regent's change of mind after the

# INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

## A Space-Age Shield?

President Reagan's desire for a missile-proof shield around America and its allies expresses the deepest longing of the nuclear age — for a place to hide. But it is a pipe dream, a projection of fantasy into policy.

A space-age shield, if stretched from the Sea of Japan to the Berlin Wall and made almost

foolproof, might indeed relieve Americans of a cosmic burden and allow them to stop relying on the doomsday machine for defense. And if, at that point, technology could be frozen, to prevent a quest for weapons that could penetrate the shield, the world of the 21st century might indeed find a way to end the terrifying arms race of the 20th.

"What if," the president dared to wonder:

What if America retrieved the old invulnerability and could live securely without having to threaten barbaric retaliation? What if this "formidable technical task" could be accomplished in a few decades? What if we poured in "every investment necessary to free the world from the threat of nuclear war?"

Presidents have a duty to ask such questions. What they should do, without a further scientific basis and political examination, is what Mr. Reagan has done: proclaim a farfetched quest in the settled, high-priority intention of the United States.

Mr. Reagan did not merely urge science on, to see where it might lead; he pre-judged the merits of a historic shift in the nuclear arms race, from offensive to defensive weapons. He did not raise the idea merely to warn the Soviets about the costly new competitions their vigorous missile programs might invite; he challenged them to this Star Wars competition even if in the meantime they accept his proposals for deep cuts in weaponry. Decades before anyone can know whether a missile-killing defense is doable, the president casually pronounces it highly desirable.

Perhaps Mr. Reagan has secret knowledge about the high-energy lasers, charged particle beams and microwave devices with which

dreamers hope to attack onrushing missiles.

— THE NEW YORK TIMES.

## Raids on Nicaragua

The Nicaraguan government says its enemies on the right, inspired and supported by the United States, are pressing a military campaign from sanctuaries in Honduras and Costa Rica. The quotient of truth in the allegations is hard to establish, but let us grant that something is happening. Whose side should the United States be on?

Instinctively many Americans will go with the guerrillas. By their respective tactics, their refusal to move toward early elections and their spreading ties with Havana and Moscow the Sandinists have dissipated much of the legitimacy they could claim upon winning power. They are helping sustain the insurgency in El Salvador and supporting guerrilla activities in Honduras and even in Costa Rica, which has no army. It serves no U.S. purpose to see Marxist power ensconced in Managua.

However, the urge to see the Sandinists get a comeuppance does not mean Americans should administer one. The United States is, apparently providing covert support for some of the "contras" in Nicaragua. This is wrong. Such is the history of U.S. intervention that any further hint of it helps strengthen the Sandinists' claim to be embattled nationalists, and helps them tighten their grip. The suspected presence of former Somoza followers among

## Other Opinion

### Rerun of the Bay of Pigs\*

ed approach have been dashed. American policy as it stands faces the people of El Salvador, Nicaragua and Guatemala with an impossible choice: between right-wing dictatorship and left-wing totalitarianism. It is never easy for great powers to get on happily with small neighbors, but the United States ought to be able to do better than this.

— The Observer (London).

### Perplexed by Reagan Beams

If the United States actually embarks on an all-out quest for an effective ABM system aimed at making offensive nuclear missiles obsolete, it will be a profound shift in defense strategy — a shift that many experts believe is impractical or unwise. So it is strange that the president tossed in the announcement near the end of a television appeal for public support against cuts in his defense budget.

The administration, in the circumstances, should not be surprised if a lot of people wonder whether his proposal is a gimmick designed to distract attention from the nuclear freeze proposal now before Congress, or to provide a face-saving rationale for backing away from the MX missile project.

— The Los Angeles Times.

### FROM OUR MARCH 28 PAGES, 75 AND 50 YEARS AGO

#### 1908: A Persian-British Spat

TEHRAN — At yesterday's sitting of the National Assembly, Prince Asadullah Mirza gave notice that he would interpellate the Minister of Foreign Affairs on the subject of the concession granted to the British Government for the establishment of a telegraphic cable between the islands of Henjan and Kishan and Bender Abbas, for which the Persian Government had contributed 75,000 roubles. He said the line had been completed but the Persians were not allowed to use it. This is giving rise to complaints. The Minister of Foreign Affairs has informed the House of the proposed departure of M. Pien, who has given full powers to M. Molitor, to represent him when the customs accounts are verified.

#### 1933: German Jews Threatened

BERLIN — Reprisals on a systematic, nationwide scale against Jews living in the Reich will be undertaken by the National-Socialist movement unless the so-called "Jewish international propaganda" against Germany ceases immediately. Orders will be issued for the formation of boycott committees against Jewish department stores and shops throughout Germany as a reply to the boycott movement against German goods that is spreading like wildfire to various countries. Furthermore it is stated that defensive action planned by the Nazis "will hit the intellectual authors and instigators of this traitorous agitation which is chiefly carried on in foreign countries by Jews who formerly lived in Germany."

INTERNATIONAL HERALD TRIBUNE

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International Herald Tribune, 181 Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, France. Telephone 747-1265. Telex 612718 (Herald). Cable Herald Paris.

Directeur de la publication: Walter N. Thayer.

Gen. Mgr. Asia: Alain Lecour, 24-24 Hennessy Rd, Hong Kong. Tel. 5-285618. Telex 61170.

S.A. au capital de 1,200,000 F. RCS Nanterre B 73201126. Commune Paritaire No. 34231.

U.S. subscription: \$236 yearly. Second-class postage paid at Long Island City, N.Y. 11101.

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## Space: 'A New Cycle in the Arms Race'

By Anthony Lewis

BOSTON — "A vision of the future which offers hope," President Reagan called it. He foresees space devices that would "intercept and destroy strategic ballistic missiles before they reached our own soil."

Instead of relying on the fear of retaliation to deter a Soviet nuclear attack, America would be safe behind a technological shield. "Would it not be better in save lives to avenge them?" the president asked. "Is it not worth every investment necessary to free the world from the threat of nuclear war? We know it is!"

The vision is so reassuring that it seems a shame to spoil it with facts. But Mr. Reagan's talk of missile defenses in space is fantasy — wishful technology and muddled strategy.

It is a dangerous fantasy, because it distracts attention from the hard realities of the arms race. Far from ending the threat of nuclear war, it introduces new threats.

Mr. Reagan's advisers, seeming embarrassed by his enthusiasm, told reporters he was speaking of ideas many years from the possibility of development. But the technical problems are not only a matter of time, explained one of the most respected scientific figures in the field of nuclear arms control, Jerome B. Wiesner, former president of the Massachusetts Institute of Technology and adviser to presidents.

"Most technical people doubt that anti-missile devices in space will work," Mr. Wiesner said. "But even if they do, it's wishful thinking to believe they would provide impenetrable defenses."

"There are 10,000 or more nuclear weapons on each side. A defense system that would knock out 90 or 95 percent would be a miracle — and

the remaining 5 or 10 percent would be enough to totally destroy civilization."

"Even if you could make an anti-ballistic missile system, cruise missiles would make it obsolete. The idea is to hit ballistic missiles high in the atmosphere or in outer space — Buck Rogers warfare. But the cruise flies at low levels. You'd have to develop an air defense system against it, which we don't know how to do. And in the air defense game the Soviet Union has important advantages. So many of our cities are on the coast and hence more vulnerable than theirs, which are mainly inland. That's one of the reasons we abandoned the idea long ago."

Loose talk about wonder weapons in space reflects an illusion that has hurt American security before now. That is the belief that the Russians cannot match American technology.

The Johnson and Nixon administrations went ahead on MIRVs in just such a belief. Henry Kissinger, writing recently in *Time*, conceded that he and others had doubted the Russians' ability to make multi-headed missiles accurate enough to threaten America. But they did, and the net effect of the MIRV race was to make the United States feel more vulnerable.

It would have no patient on anti-missile weapons in space either. If we plan an intensive research and development program, as Mr. Reagan ordered, the Russians will, too. Mr. Wiesner put it in one blunt sentence: "It's really a declaration of a new cycle in the arms race."

Weapons that have not yet been developed are

the very ones that ought to be outlawed by treaty — because it is far easier to negotiate agreements before a race has started. Difficulty sets in once each side fears that the other is ahead.

The illusion that one of the superpowers is on the way in making itself invulnerable is particularly dangerous. At some point in the future it may encourage a reckless leader to risk using nuclear weapons — or the other side, to strike first, before it is too late.

Futuristic weapons have already been prohibited in two treaties: one against nuclear weapons in space, the other concerning the bottom of the sea. And in fact the Soviet Union in 1981 proposed a treaty to ban "weapons of any kind in outer space." Is the United States now going to be in the position of pushing that new arms race while the Russians offer to stop it?

There is no doubt a political point in Mr. Reagan's talk of stopping the missiles in space. It gives Americans the idea that we can assure ourselves peace and safety if only we go on increasing our military expenditure and developing new weapons systems. It is an argument against the proposal for a mutual freeze on testing and deployment of new nuclear weapons.

But what a feeble argument it is, repeating the folly that has brought us to the point of massive overkill on both sides. The only hope of reducing that danger is the hard way of negotiation: to stop new systems, not add them, and if possible to cut the numbers of existing weapons.

Arms control negotiations are of grinding difficulty at best. They require a certain minimum confidence on each side that the other is serious.

The New York Times.

## Space: A Rain of Odd Objects Has Started

By Jacques-Yves Cousteau

NEW YORK — The French commonly assert that their gallant ancestors the Gauls feared only one thing: that the sky might fall on their heads. Recently the entire world shared that fear.

The Russian military satellite Cosmos 1,402 was about to follow the fate of Newton's apple. It was a highly radioactive apple. It was a seed-powered reactor that contained enough uranium to make several nuclear bombs.

The world over, the headlines of printed and broadcast news reported two contradictory official themes: that the man-made atomic meteorite would pose no danger whatsoever and, at the same time, that hasty emergency steps were being taken in many countries.

When the contraption finally tumbled into the Indian Ocean the sheep of the world were told to sigh in relief, as the dreaded projectile was to ionize only the fish.

This was a tale of the absurd.

In January 1978 a similar satellite, Cosmos 954, scattered its ra-

ditive debris in northern Canada, and millions of dollars were spent to locate and transfer some of the fragments to nuclear dumping sites. One month later the uranium fuel core burned up from friction during re-entry into the atmosphere. The same fate befell Cosmos 1,402, with the solace that the irradiating hardware sank out of mind into the universal sewer — the sea.

The pusillanimity with which these events are reported to the public is sickening. Every time a nuclear accident occurs — be it the blowup of a graphite reactor at Marcoule, France, European dumpings of atomic waste in the Atlantic, Three Mile Island, or Cosmos satellite — even before anybody has any idea of the consequences, technicians announce *ubri et orbis* that there is absolutely no danger.

The public has to be reassured, even if blatant lies have to be told.

"Little murders" are perpetrated in secret and revealed only when it

is too late to do anything other than bury the consequences. The atomic mafia has such contempt for the credibility of the people that it even dares announce that we can survive and win a nuclear war. But each side has piled up many times more megatons than are necessary to eradicate all life on the planet.

Let us return to our 8,000-pound vagabond bomb. I feel no relief that it ended up in the sea, no comfort that its 110 pounds of enriched uranium dispersed as garbage.

Many will be vaporized in our atmosphere. Two-thirds of the heavier ones will pile up as garbage at the bottom of the sea. The remainder will shower us with their unrevealed cargo.

From now on, we just like the ancient Gauls, will fear that the sky may fall on our heads.

The writer, the noted French oceanographer, contributed this comment to The New York Times.

## Famine and Theft in Ethiopia as Europe Fussed

By Colin Legum

LONDON — A five-month-long spat between the European Parliament and the European Commission over a proposal to suspend all food aid to Ethiopia has been temporarily halted because of the drought that threatens the lives of an estimated 3 million people in the area.

The angry conflict abated when the commission for development and aid, France's Edgar Pisani, offered what was accepted as an apology for what was admitted to be a gauche reply from him to the European Parliament's request last November that food aid to Ethiopia be suspended because of reports of misuse of European food relief and the alleged aggression by the Ethiopian Army against Somalia last August.

Mr. Pisani had replied curtly that he intended to take no notice of the request suggesting that it came from people dealing with matters which they did not understand.

This remark gave offense not only to the Parliament's Economic Committee, which had initiated the proposal for a food ban, but also to the Political Committee, which had carried out a long study of the problems in the Horn of Africa.

Members of the European Parliament want assurances that food received by the regime of Mengistu Haile Mariam reaches the people in the regions of Tigre, Welo and Gondar, where an estimated 200,000 starved to death in the last great famine in the 1960s.

A large proportion is said to be loaded onto ships bound for the Soviet Union, in partial payment for Soviet weapons. The allegation is hard to substantiate but widely believed. Without independent supervision, it will continue to circulate.

Some of the food aid is known to be commandeered at the port by the

army for its own use. Some of the aid ends up on the black market.

A proper independent inquiry could clear up some of the confusion about what happened to the sorely needed food aid.

Because of a shortage of trucks, the army sometimes seizes vehicles belonging to relief agencies. These are seen delivering food to garrisons around the country, which might explain some of the suspicion about the misuse of food aid.

The food that finds its way to the

black market is often left in the containers in which it arrives — except in Addis Ababa, where black marketers are more careful.

Such food as reaches the rural population is often rationed or auctioned off, and does not necessarily find its way to the hungry poor.

According to one report considered by the Economic Committee, Ethiopia is able to produce enough food from its areas unaffected by drought to meet its own needs, but marketing, storage and transport failures prevent effective distribution.

International Herald Tribune

### LETTERS TO THE EDITOR

#### El Salvador's Fate

Regarding the editorial "Salvadorean Disaster" (IHT, March 14):

When The New York Times calls for an "attainable goal," after putting the issue into a Vietnam context, doesn't it really mean abandoning El Salvador to its fate, the way the United States did with Nicaragua after "dialogue" with the Sandinists? Does the Times think the Salvadorans will end up any better off than the Vietnamese, or the Nicaraguans?

The editorial says the pope "calls for a dialogue between government and opposition." This is a tricky paraphrasing of the pope's words, creating the impression that he advocates negotiations with the terrorists. The pope advocated such thing.

The editorial says "power sharing of some kind could yet resolve what violence cannot." Arant nonsense.

JOHN S. MASON Jr.

Madrid.

#### Japanese Imports

In your Special Report on Japan (IHT, March 21), under "Basic Data," the percentage breakdown of Japanese exports by geographical area adds up, but the imports breakdown totals only 86.9 percent. Small wonder the Japanese are such dangerous competitors: They don't even import 100 percent of their imports.

Seriously, though, the figure for imports from the Middle East is way off. Something is awry.

# Member of Junta Accuses Reagan Of Trying to Overthrow Sandinists

By Alan Riding  
*New York Times Service*

MANAGUA — A member of Nicaragua's junta says his government had been convinced by the stepped-up attacks of rebel bands that the Reagan administration has decided to seek the overthrow of the Sandinist government.

The junta member, Sergio Ramirez Mercado, charged that Washington was using former national guardsmen of the ousted regime of Anastasio Somoza to launch what he called "terrorist attacks." He also accused the United States of seeking to isolate Nicaragua politically and weaken its economy.

In the first interview given by a senior member of the government since reports of a major escalation in the conflict in Nicaragua began to appear earlier this month, Mr. Ramirez sought to dismiss the strength of the military opposition.

"If it were only a question of defeating the national guard, we could do it easily," he said. "But Reagan won't stop at that. He would use different methods to try to overthrow us."

Mr. Ramirez also warned that the latest rebel offensive threatened the survival of political pluralism in Nicaragua because some conservative business and political groups had shown sympathy for the insurgents.

"Here we're in war," he said. "In face of the invasion of the national guard, we won't accept neutrals. Either you're against the guard or you're for it. We can't accept disguised support for the counterrevolutionaries if it's religious, political or whatever."

Mr. Ramirez described the Bay of Pigs invasion of Cuba in April 1961 as "a toy" compared with the attacks on Nicaragua in recent months.

"In the Bay of Pigs, only 1,300 men were involved and they came by sea, which was more difficult," he explained. "Here we have at least 2,000 men in the country and they have all of Central America as a support base."

But he said the Reagan administration was "stupid" in thinking it could use remnants of the national guard to undermine the Sandinists because the population now felt it was confronting its "old enemy."

"Reagan may have thought that, by putting 4,000 or 5,000 guards-

men into Nicaragua, he could erode our power," Mr. Ramirez said. "After all, we had a smaller, less-equipped army and we overthrew Somoza. But the analysis is wrong. Even 10,000 guardsmen would not threaten us so long as the population did not support the guard. And this won't happen because the people are seeing that the guard is behaving as it always did."

He said the CIA's strategy included using the former Sandinist commander, Eden Pastora, as a "reserve card" to be played "once they have broken the balance of power here and need a more respectable figurehead."

Mr. Pastora, who has lived in exile in Costa Rica for the last year, is rumored to have entered Nicaragua secretly last week.

Mr. Ramirez, one of three junta members who share power with a nine-man Sandinist National Directorate, said Washington was eager to legitimize the rebel force by propagating the idea that its actions are part of a popular insurrection.

## ■ Honduras Denies Charge

The Honduran Foreign Ministry denied Friday Nicaraguan charges that Honduran troops had crossed into Nicaragua in recent days. The New York Times reported from Tegucigalpa.

Juan Sierra Fonseca, spokesman for Foreign Minister Edgardo Paz Barnica, said the Nicaraguan government had tried to provoke a Honduran incursion by moving 20 truckloads of soldiers to strategic positions near the border.

"The government of Honduras has no plans to send reinforcements to the border area," he added. "We are continuing to seek resolution of this matter through diplomatic channels."

A military source close to the Honduran Army said there were normally about 450 soldiers guarding the 475-mile (750-kilometer) border with Nicaragua and that there was no indication the number had been increased in the last week.

After an eight-hour meeting Thursday of the Honduran National Security Council, which includes the nation's top military and civilian leaders, Mr. Paz Barnica said Honduras was "ready to defend the territorial integrity and sovereignty of the country."

He said he reads the speeches of President Ronald Reagan and Secretary of State George P. Shultz very carefully.

"I get the texts sent over from the U.S. Embassy," he said. "I can read them in full," he said. "And they're blinder every day. If this line is maintained and other sectors in the United States remain on the defensive, this could easily lead to a direct military intervention."

But in the meantime, Mr. Ramirez said, Washington has drawn up a three-pronged strategy intended to isolate Nicaragua: first

## LETTERS TO THE EDITOR

### Ethics in Government

Regarding the editorial "Ethics in Government" (IHT, March 10):

Department of the Army Regulation 600-50 explicitly describes and directs the standards of conduct of its civilian and military employees. It is a further implementation of Executive Order 11222 of May 8, 1965. I'm sure every element of our U.S. government is affected by the standards of conduct prescribed by the executive order.

We who work in the inner world of government are compelled to read AR 600-50 at least once a year, but I suppose the closer one is to the White House the more diminished becomes this requirement. The paradox, however, is that commercial teams of auditors are sent to European installations to look for fraud and similar illegal hanky-panky instead of remaining in Washington, where they could really make their audits felt among those who seem to be ignorant of ethics and executive orders.

F.W. STEVENS,  
Frankfurt.

### Spain and Europe

Regarding "About the Spanish Army, Pride and Europe" (IHT, March 16) by William Pfaff:

Is Mr. Pfaff telling us what Napoleon already has — that Europe ends at the Pyrenees?

G. SZAKOWSKI,  
Paris.

### Trials in Guatemala

Regarding "Some Guatemalan Children Don't Rate Bullets" (IHT, March 14) by Anthony Lewis:

Yes, Guatemala still has problems, which is not surprising after 460 years of severe colonial repression and no experience with democratic institutions on the part of either the Latin ruling class or the 60-percent Mayan Indian majority. But before the coup that brought General Rios Montt to power, hundreds of individuals were "disappeared" monthly by the *memo blanco*, a coalition of right-wingers, police and army personnel. They killed persons regarded as criminals or terrorists, leaving their bodies by the roadside. Many could never be identified; families were left wondering what had happened to a relative and why.

The reason was the breakdown of the court system due to bribery and/or intimidation. When Gen. Rios Montt came to power he took as model the regime of the late French President Charles de Gaulle, who came to power in the wake of civil disturbances in Algeria. De Gaulle adopted a system of secret courts-martial that was applauded in all the great democracies as a step back toward a constitutional civil justice system.

Better courts, if military ones, and trials, if secret ones, than arbitrary decisions by irresponsible and uncontrolled kangaroo courts of off-duty policemen and businessmen. At least an individual now has a hearing before known and responsible (if anonymous) military officers. Public announcement is made of executions and the

reason for them. Relatives are no longer left in doubt.

Until recently I worked for the U.S. Chamber of Commerce and taught at a Guatemalan university. I had wide contact with all classes. Without exception these people recognized the Rios Montt government as an enormous improvement on its predecessor.

Yes, Guatemala still has problems. But can we look a little deeper and recognize progress when it occurs? "Eliminate the secret trials" — and what? Go back to no trials or secret judicial corruption, and once again destroy all credence in the judicial system.

DAVID B. TIMMINS,  
Neuilly-sur-Seine, France.

### Oil and Government

Regarding "Why Governments Should Keep Oil Prices High" (IHT, March 8) by René Foch:

The prospects for an agreement to maintain an artificially inflated oil price are slim, both for international and domestic reasons.

The idea that the leaders of industrialized countries will support such a proposal at the next economic summit in Williamsburg is farfetched. An oil price freeze would go against the grain of the free market philosophies of President Reagan and Mrs. Thatcher. Besides, leaders have stressed the potential of lower oil prices in fueling economic recovery.

Therefore any talk about moral blindness, apathy or cynicism on the part of the Lebanese at this stage strikes an odd note.

LEILA JAROUDI,  
Beirut.

### Voting This and That

Regarding "How Opinion Polls Help Voters Tailor Their Message" (IHT, March 19) by Flora Lewis:

Thinking further from Miss Lewis's last-but-one paragraph ("By its nature, representative democracy is a blunt instrument that does not offer the elector much chance to express nuance,") I see a possible solution. What if each voter were given, say, 10 votes to dispense rather than just one? He could then give seven to the Christian Democrats in West Germany, for example, and three to the Free Democrats. Or, in Britain, seven to the SDP and three to Labor, if he felt that way. In Scotland perhaps taking off one or two for the Nationalists, who knows?

What with modern data processing, this should not be difficult to administer. It would permit the individual voter to express a qualified opinion if he wanted to.

DR. W.D. EWALD,  
Graz, Austria.

### Stuck in Brooklyn

I was at first touched by "Cambodian Refugees: Finding No Peace, Flee New York" (IHT, March 19), but was soon struck by the irony of it all. What is being done for the native New Yorkers who have no means of escaping the brutality of Brooklyn?

W.J. POULIN-DETOUR,  
Paris.



United Press International  
FLOODING IN PERU — At Rio Seco, near Lima, President Fernando Belaúnde Terry of Peru inspected damage caused by flooding and mudslides that have taken nearly 200 lives and caused \$200 million in damage. He appealed for international aid for thousands of Peruvians left homeless by torrential rains in the Andes.

# U.S. Debates Morality Of El Salvador Policy

By Bernard Gwertzman  
*New York Times Service*

WASHINGTON — This capital continues to be caught up in the moral dilemma over El Salvador: Should the United States provide political, economic and military support to a leadership whose record in legal and civil rights practices is, in Secretary of State George P. Shultz's words, "inde-

pendently bad."

The specific current issue un-

solved at the end of last week was whether Congress would approve

## NEWS ANALYSIS

another \$60 million in military aid to be diverted to El Salvador, adding to the \$1 billion in economic and military assistance already funneled there over the last several years. The arguments raised are similar to those heard in the past about U.S. backing for various regimes in South Vietnam, for the Franco government of Spain, for the military rulers of South Korea and for dozens of other dictators, whose claim to American friendship was based primarily on their opposition to communism.

As the Senate Appropriations subcommittee took testimony last week, it was evident that history teaches different lessons. Senator Daniel K. Inouye, a Hawaii Democrat, who announced his decision to end his support of open-ended funding for El Salvador, warned Mr. Shultz that by aiding the regime in El Salvador because it was anti-communist, the United States was repeating the mistakes of the 1950s when it supported Fulgencio Batista, the Cuban dictator.

"History must have shown us that we have played a part in the creation of Fidel Castro," Mr. Inouye said. "We were well aware of the utter corruption of Batista. Because he said he was against communism, we supported him throughout. I am afraid that we may be creating another Castro [in El Salvador]."

On the other side, Senator John C. Stennis, the conservative Mississippi Democrat and a veteran of the lengthy debates in Congress over Vietnam in the 1960s and 1970s, said the lessons of that war led him to believe that more force should be applied in El Salvador, that a blockade of Cuba, for instance, should be considered to block the flow of arms to El Sal-

vorador from Honduras.

The Reagan administration's ap-

proach to this kind of dilemma from the start, it has generally been critical of cutting off aid to friendly nations for human rights reasons, on the ground that no matter how bad the record may be in a country such as El Salvador it would be considerably worse under a communist totalitarian regime. Moreover, in Central America, the Reagan administra-

tion has argued that national se-

curity reasons impel the United States to prevent communist take-

overs.

The administration repeatedly claims that Nicaragua is a quasi-communist state that Grenada has fallen to the Marxists, and that there are Cuban-backed threats in Honduras and Guatemala. The United States has stepped up military aid to these countries, and may or may not be involved with anti-Sandinist forces entering Nicaragua from Honduras.

In defense of its human rights policies, the administration says it has tried quietly to bring about reforms in friendly countries. Mr. Shultz argues, as have other American officials in other times and places, that only by continuing to provide aid can the United States moderate repressive actions in a country such as El Salvador.

The Salvador situation is unusual, however, because of the case of the four American churchwomen — three of them nuns — who were murdered on a lonely road near San Salvador in December 1980. The Salvadoran military perpetrators of the crime have allegedly been identified and they are in custody, but the Salvadoran judiciary has repeatedly delayed bringing them to trial. The case of the nuns has made a moral hostage of any discussion of the Salvadoran aid question.

"You cannot get me to sit here and defend what has happened under the judicial system of El Salvador," Mr. Shultz told the committee. "I won't do it. I don't do it. I don't think it is defensible."

"If in the end, they don't clean up this act, the support is going to dry up and they've been told that."

## Salvador Detains 2 U.S. Reporters

### Both Accused of Rebel Ties; No Charges Are Filed

Compiled by Our Staff From Dispatches

SAN SALVADOR — Two U.S. journalists have been detained by Salvadoran police and accused of having ties with leftist guerrillas, police officials said.

Juan Sierra Fonseca, spokesman for Foreign Minister Edgardo Paz Barnica, said the Nicaraguan government had tried to provoke a Honduran incursion by moving 20 truckloads of soldiers to strategic positions near the border.

"The government of Honduras has no plans to send reinforcements to the border area," he added.

"We are continuing to seek resolution of this matter through diplomatic channels."

A military source close to the Honduran Army said there were normally about 450 soldiers guarding the 475-mile (750-kilometer) border with Nicaragua and that there was no indication the number had been increased in the last week.

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But in the meantime, Mr. Ramirez said, Washington has drawn up a three-pronged strategy intended to isolate Nicaragua: first

No charges have been filed against them, she said.

In Washington, a State Department spokesman said the U.S. Embassy was trying to determine why the two journalists had been detained. The spokesman said U.S. officials would continue to have access to them.

Mr. Western, who has been in El Salvador for about three months, said a man dressed in civilian clothes came to his apartment looking for someone called Juan. When the man was told that no one named Juan lived there, he left. He returned five minutes later with two other men, also dressed in civilian clothes, and asked for the identification papers of Mr. Western and Miss Newton, who was also at the apartment.

Miss Newton, who has worked in El Salvador for more than a year, telephoned Donald Hamilton, a press officer at the U.S. Embassy, who arrived at the apartment minutes later with the head of the U.S. Military Group, Colonel John Waghielstein.

Miss Newton said she was at the apartment to edit tapes. She said she was informed that she, too, was under suspicion. She said the police apparently believed contained questionable political material. She did not name the newspaper.

The three men who had come to the apartment were treasury police, who said they were under or-



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# Anthony Blunt, Ex-Spy for Soviet, Dies

By Jon Nordheimer  
New York Times Service

LONDON — Anthony Blunt, 75, a former curator of Queen Elizabeth II's art collection who in 1979 was exposed as having been the mysterious fourth man in a Soviet spying ring, collapsed and died Saturday at breakfast in his London home.

Mr. Blunt, who had a history of heart trouble, died in his elegant sixth-floor apartment near Marble Arch where he lived alone, according to a brother.

His exposure as the fourth man sought in the Burgess-Maclean-Blunt spying scandal that rocked Britain in the 1950s and 1960s caused a sensation when it was brought to light by Prime Minister Margaret Thatcher in November 1979.

He was immediately stripped of a knighthood that had been conferred on him in 1956 and which he had retained even after the British authorities had heard him confess in 1964 to subversive activities that had reached back to his days as a young don at Cambridge University.

In his confession, Mr. Blunt acknowledged that he had recruited spies for the Soviet Union from among young radical students at Cambridge and passed information to the Russians while he served as a high-ranking British intelligence officer during World War II. He also admitted that he had helped two of his former Cambridge students who had become Soviet "moles" inside the British Foreign Service, Guy Burgess and Donald Maclean, escape to the Soviet Union in 1951 as their activities were about to be exposed.

Mr. Burgess died in the Soviet Union in 1963 and the death of Mr. Maclean was announced three weeks ago by Moscow. The other Soviet mole in the spy scandal, Harold R. (Kim) Philby, who also

fled to the Soviet Union after his part in the espionage ring became known in 1963, is now the only surviving member of the spy ring that had its roots in the elite circle of Cambridge University radicals in the 1930s.

Mr. Blunt resigned from the British Academy, where he was recognized as a distinguished and much-honored art historian, but he was never directly punished by the British government because he had been granted immunity from prosecution at the time he made his secret confession in 1964.

The revelation that he had maintained his reputation and standing in the upper reaches of social and art circles for 15 years after his role as a spy had become known to the authorities was denounced in Parliament as an example of how individuals with powerful friends could be protected in British society.

There were also questions raised about why Mr. Blunt had been kept on after 1964 as curator of the queen's art collection when the government learned of his spying. It was regarded as almost certain that the queen herself had been informed of Mr. Blunt's confession.

The explanation given was that his role at Buckingham Palace carried with it no access to classified information, and it was also decided not to embarrass him in any way that would end his cooperation with the authorities on matters of intelligence.

Mr. Blunt served from 1947 to 1974 as director of the Courtauld Institute of Art in London, and is credited with training a generation of art historians in England and winning the institute recognition as one of the best in the world for the study of art history.

But all his professional accomplishments were ultimately overshadowed by his early devotion to communism and the betrayal of his country.

At Cambridge, he was a central and influential figure in a university club called the Apostles, whose members, most of whom came from the ranks of the privileged, saw themselves as the leading intellectuals of revolution.

Sir Michael Havers, the British attorney general, later described the moment.

"He maintained his denial," he said. "He was offered immunity from prosecution. He sat in silence for a while. He got up, looked out of the window, poured himself a drink and after a few minutes confessed."

After his public unmasking nearly four years ago, Mr. Blunt said he had made an "appalling mistake" that he came to "bitterly regret," but he defended his past behavior in a brief statement:

"In the mid-1930s it seemed to me and to many of my contemporaries that the Communist Party and Russia constituted the only firm bulwark against fascism, since the Western democracies were taking an uncertain, compromising attitude towards Germany."

Details of the nature of the espionage carried out by Mr. Blunt for the Russians has never been revealed, although it is believed that while his activities damaged British interests they did not directly cause loss of life or compromise military operations.

## Thomas Gates, Banker, U.S. Official, Is Dead

New York Times Service

NEW YORK — Thomas S. Gates Jr., 76, secretary of the navy and secretary of defense in the Eisenhower administration and a former chairman of the Morgan Guaranty Trust Co. of New York, died Friday at a Philadelphia after a long illness.

In addition to seven years in navy and Pentagon posts, Mr. Gates served with the rank of ambassador in 1976-77 as chief of the United States Liaison Mission in China. He was appointed by President Gerald R. Ford, a fellow officer on the aircraft carrier Monterey Bay in World War II.

Mr. Gates spent most of his career in banking. He succeeded Neil McElroy as secretary of defense late in 1959 and served out the Eisenhower administration's last year.

Although his tenure as secretary was brief, he was credited with major management innovations that smoothed the Pentagon's transition to modern tactics and weapons, including supersonic jets, tactical atomic bombs and long-range ballistic missiles.

In his year as defense secretary, Mr. Gates was also confronted with a major controversy over the shooting down deep inside the Soviet Union, of an American U-2 spy plane and its pilot, Francis Gary Powers. It was Mr. Gates who, under broad intelligence auspices, had authorized the flight. Similar flights had been going on for several years.

Mr. Gates was among a handful of aides who advised President Dwight D. Eisenhower to publicly accept responsibility for the espionage flight instead of following the usual practice, which was to deny or downplay comment on such matters.

He presided over a major renewal of U.S. naval forces in his service with the Navy Department, as undersecretary from 1953 to 1957 and as secretary from 1957 to 1959. In that reorganization, the aircraft



Thomas S. Gates Jr.

carrier became the capital ship, the last battleship went into mothballs and priority was given to nuclear-powered submarines and missile experimentation.

Mr. Gates joined Morgan Guaranty, the nation's fifth largest bank, in 1961 as chairman of the executive committee. He was the bank's president from 1962 to 1965 and chairman from 1965 to 1969.

### Bob Waterfield

United Press International

BURBANK, California — Bob Waterfield, 62, the Cleveland Rams football player who in 1945 became the first quarterback in National Football League history to lead his team to the championship in his rookie year, died Friday of respiratory failure.

In seven seasons ending in 1952 in Los Angeles, Mr. Waterfield gained the title "Mr. Ram" and earned All-Pro honors three times. He was married for 25 years to Jane Russell, the actress. They were divorced in 1968.

### ■ Other deaths:

John Bell Williams, 64, a staunch segregationist who was governor of Mississippi from 1968 to 1972 and a congressman from 1946 to 1967, Friday apparently of a heart attack in Jackson, Mississippi.

Charles Truman White, 86, controller of the Union Theological Seminary in New York from 1923 to 1950 and a financial official with government and private programs to aid other countries. Monday of cancer in McLean, Virginia.

Archbishop Irenio Cardinale, 66, the Papal Nuncio in Belgium and Luxembourg, and the Vatican representative to the European Community, Thursday of a blood infection in Brussels.

Chakrapati Ram, 74, an author, political writer and chief editor of the pro-government National Herald for 32 years. Friday after collapsing in New Delhi.

Rainer Miedel, 45, music director and conductor of the Seattle Symphony Orchestra, Friday of cancer in Seattle, Washington.

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## INTERNATIONAL EXECUTIVE POSITIONS

Published every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other selected publications. Comments concerning this feature can be addressed to Juanita Caspari in Paris.

POSITION	SALARY	EMPLOYER	LOCAT.	QUALIFICATIONS	CONTACT	Source
SENIOR TAX MANAGER Malaysia	\$25,000	Ernst & Whitney	Kuala Lumpur	late 30's or 40's min. 10 yrs. exp. in taxation dept. of leading publ. firm or with relevant experience.	Chris Atherton, Ernst & Whitney, 1 Leith Walk, London SE1 7ER, Tel. 01-81 77-81-81	Finance Times 11-1-83
DIRECTEUR D'AGENCE		BBI broking	Geneve	Exper. 40 yrs; carrier experience; agt 3 major exp. depots; min. 3 leagues dist. Eng. st. Italian.	Ref. 36312687, Bernard Krief Consultants, 115 Rue de la Paix, 75001 Paris, Tel. (1) 544.3823.	L.M.T. 11-3-83
CONTINENTAL SECURITIES	\$20,000+	London merchant banking arm of major continental bank.	City	Around 30; deg. or post. qual.; sound knowl. of continental securities; Eng. + Fr.; exp. of Eurobds.	Doris V.E. Horwitz, Third Floor, 4 Crosswall Place, London SW1 2BZ	L.M.T. 11-3-83
CONTROLLER EUROPE		Medium sized int'l corp.	Europe	Qual. accountant or deg. in economics or M.B.A.; min. 5 yrs. exp. int'l mgmt. position; Eng. + Fr. & It.	J.P. Barthélémy, 58 Rue de la Paix, 75001 Paris, France	L.M.T. 11-3-83
U.S. EQUITY & EUROBOND SALES	Excellent	Well known New York stock exchange member.	London	Self motivated with their own established clientele.	Ref. 333065, U.S. 63 Long Acre, London WC2	L.M.T. 11-3-83
COMMERCIAL MANAGEMENT Supervisor		Leading French Co.	Nigeria, Port Harcourt	38-40; well versed in service with oil exploration; good. for negot. & contacts with officials; Eng. Fr.	Ref. 2426, NEMA PA, 9 Rue des Belles, 75008 Paris, France	L.M.T. 11-3-83
Ernährungs-Wissenschaftlerin/ Wissenschaftlerin		Ernährung Wissenschaften	Samoa	Spezialisierung in Ernährungswissenschaften, analytisches Biochemie, Ernährung und Zellphysiologie. Beste englische Kenntnisse.	GIZ GmbH, Eng. - Wissenschaftl. Weg 1, 6230 Eschborn, FRG	Frankfurter All. Zeit. 11-3-83
DIRECTOR EUROPE	Correct	Large growing worldwide non-profit org.	Austria	U.S.A./Canadian citizen; exp. business manager with broad European exp.; extensive travel.	Ref. 4/451, PB Management, 368 Ave. Louise, 1050 Brussels, Tel. 02/ 565521	Frankfurter All. Zeit. 11-3-83
GENERAL MANAGER	Plus de U.S.\$100,000	His photo.	Geneva, Chicago, Milwaukee, Indiana, Mexico	Skills in investment anal. and merch. sup. exp. 30 yrs; firm. comp. spec. proficiencies in law, publ. rel. exp. Eng. Eng. Fr. Ital. Ital.	Manoel Colombe, 81 Ave. Jean-Jaurès, 26200 Montluçon, France	Ly Point 21-3-83

## International Bond Prices — Week of March 24

Provided by White Weld Securities, London, Tel: 623 1277; a Division of Financière Credit Suisse, First Boston

### RECENT ISSUES

And	Security	St/ Crv	Issue Date	Pr. Mkt	Price	Yield	Am.	Security	St/ Crv	Issue Date	Pr. Mkt	Price	Yield	Am.	Security	St/ Crv	Issue Date	Pr. Mkt	Price	Yield
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And	Security	St/ Crv	Issue Date	Pr. Mkt	Price	Yield	Am.	Security	St/ Crv	Issue Date	Pr. Mkt	Price	Yield	Am.	Security	St/ Crv	Issue Date	Pr. Mkt	Price	Yield
And	Security	St																		

MONDAY, MARCH 28, 1983

## EUROBONDS

By CARL GEWIRTZ

## Investors Continue to Shun Market For the Excitement of Equities

PARIS — Bored with the seemingly endless flow of bank paper and uncertain about the direction of interest rates, investors continue to shun the Eurobond market for the thrills of equities. Stock market indexes in New York, Tokyo, Frankfurt and Paris set record highs last week.

The bond market clearly would come alive if issues convertible into common stock were offered. But investment bankers report that companies are unwilling to use this vehicle, fearing they would be giving away their stock too cheaply.

At the same time, treasurers are in no hurry to sell straight debt either, believing that ultimately interest rates must come down and that money can be borrowed more cheaply at a later date.

As a result, of the 30 full coupon dollar Eurobonds launched over the last four weeks, 19 have been for banks. Virtually all have been swaps, with the banks passing the coupon cost of the bond issue to a counterparty and receiving in exchange floating-rate money at a cost below what the bank itself would have had to pay to borrow funds in the wholesale London interbank market.

Top-rated banks such as Crédit Suisse and Deutsche Bank are reported to have paid 1½ points below Libor in their swap transactions. Less well rated banks, which might expect to pay a margin over Libor to borrow in the interbank market, were able to borrow floating-rate money at Libor.

The coupons offered on these public bond issues are not set to excite investors to buy the paper. A major determinant is the mathematics of the swap. The lower the coupon, the lower is the cost of money to the counterparty and therefore the bigger is the discount from Libor that the bank will pay for its floating-rate money.

The managers of the public issue get commissions for selling the bonds and commissions for arranging the swap, which means that the price of the bond can drop substantially without the managers suffering any real loss.

The managers can also afford to hold the bonds in the expectation that interest rates will ultimately decline and buyers for the bonds will be found. Thus, the only immediate concern to managers is that the bonds be profitable to hold in inventories and that means a coupon that is set over the managers' own cost of money, which is the interbank rate.

As a result, there is little retail demand for bank issues at the original offering. Investors show up only when the price of the bond has dropped sufficiently to raise it to an attractive level.

The only two new issues launched last week are both for banks and both are swaps. Dresdner Bank sold \$100 million of seven-year paper at par bearing a coupon of 11 percent. It is reported to have received in exchange seven-year floating-rate money at 3½ points below Libor.

The first of a number of issues scheduled to be marketed for Australian banks was launched last week for National Commercial Banking of Australia. It offered \$100 million of seven-year bonds at par bearing a coupon of 11½ percent. Of this, only \$50 million is being offered now and the rest will be tapped into the market during the next year as conditions warrant.

Other issues are said to be in the offing for Westpac, the State Bank of New South Wales and Australia and New Zealand Banking Group.

The Bank of Tokyo, meanwhile, increased its seven-year issue to \$125 million from the originally indicated \$100 million after another swap counterparty was found to warrant the increase. The issue is one of the few to be well received and was quoted at 98½ bid-99 asked.

The Deutsche-mark sector also was lethargic. The mark itself declined against the dollar last week as short-term U.S. rates hardened and fears spread that dollar rates could climb still higher. In addition, the decline in the price of oil is seen having a more beneficial impact on the dollar than the mark.

While West Germany is still expected to register a substantial trade and current-account surplus this year, the size of the estimated U.S. trade deficit has been halved. Analysts now predict a \$35-billion shortfall instead of the \$70-billion-plus talked about earlier this year. While still very large, the new estimate is considered more manageable.

Because of the light demand for bonds, the \$50-million DM issue for Euratom, which had been expected to be priced at par, was marketed at a discount of 99. The 10-year bonds, bearing a coupon of 7½ percent, were thus sold at a yield of 7½ percent.

The Inter-American Development Bank is on offer with a 10-year issue.

(Continued on Page 9)

## Block Says Farm Sales Delayed

## But Presses EC Over Subsidies

By Patti Waldmeir

Reuters

CAIRO — The United States will delay subsidized farm-export deals like a recent sale of wheat flour to Egypt to avoid antagonizing the European Community, the U.S. agriculture secretary, John R. Block, said Sunday.

But Mr. Block, in Cairo on a 10-day visit to North Africa and the Middle East, said he hoped that his trip would help to maintain pressure in talks between the European Community and the United States over agricultural-export subsidies.

We did not come here to antagonize Europe," Mr. Block said.

That's one reason we're not charging ahead with a subsidized dairy deal for Egypt," he added, in a reference to negotiations for the sale of surplus U.S. butter and butter oil to Egypt.

But he said: "We are still very

intent on achieving our objective of competing with subsidized European exports in markets which we, too, consider ours."

Mr. Block said on Friday, before arriving in Cairo, that the primary aim of his trip was to promote sales of agricultural products at world market prices.

Mr. Block has been under severe pressure at home to fight the Europeans by dumping U.S. dairy products on world markets.

The United States announced in January that it would sell one million tons of subsidized flour to Egypt, at what the European Commission said was \$30 a ton below the market price, to compete with subsidized European sales to Egypt.

Mr. Block emphasized that any U.S. suspension of major new subsidized export deals was only temporary, adding: "We want to give the Europeans a little more time, to see if we can't make some progress in the negotiations."

Officials traveling with the secretary said his visit was partly a negotiating ploy aimed at convincing Europe, and particularly France, that the United States is serious about trying to increase its market share in countries that rely heavily on the European Community for agricultural imports.

## EC Fights Back on Information Technology

By Ethan Bronner

Reuters

BRUSSELS — Western Europe's leading electronics firms are gearing up to battle U.S. and Japanese dominance of what is likely to become the largest manufacturing industry in the world in the next decade — information technology.

A recent issue of an American business journal in Brussels showed a small robot from Europe chasing a towering, distraught machine from the United States and Japan.

The aggressor has in its right arm a flag on which is written "Esprit," an acronym for the European Community's attempt to put up a multinational challenge to the U.S. and Japanese dominance of information technology.

Esprit, the European Strategic Program of Research and Development in Information Technology, joined a dozen of the community's leading electronics groups, traditionally fierce competitors, which are now faced with seemingly insurmountable competition from abroad.

Esprit aims at tripling European firms' current 10 percent share of world markets in information technology, a field likely to become the largest manufacturing industry in the world by the 1990s, with an annual turnover of \$600 billion, according to the European Commission.

At their recent summit, the leaders of the European Community approved the scheme, which has an initial financing of about \$23 million.

In a report to the summit, the European Commission quoted the 12 companies, including Philips of the Netherlands, Siemens and AEG of West Germany, and France's Thomson, as saying: "The position of European industry in this field is depressing if not exactly disastrous."

Community officials estimated that a major push toward information technology would directly affect one-third of all jobs in Western Europe, requiring projects in training, education and job sharing.

One of the first pilot projects in

Esprit may be the establishment of a joint research center for the long-term investigation of advanced computing systems.

The three largest European-owned computer manufacturers, ICL of Britain, Cliv-Honeywell Bull of France and Siemens of West Germany, are discussing setting up



A worker cuts jeans at the San Francisco Levi's factory. Top left, Robert T. Grohman, president and chief executive, and Robert D. Haas, executive vice president.

## New Ideas Halt Levi's Slide

By Thomas C. Hayes

New York Times Service

LOS ANGELES — In 1981, when the first signs of a subsequent, two-year profit slide began to appear, Levi Strauss & Co. responded by setting up an in-house venture-capital fund.

The company, the maker of Levi's jeans, offered a dozen competing teams of middle managers the lure of a \$500,000 budget to come up with new product ideas. The budget, and the right to pursue the idea, would go to the team with the idea that senior management considered the best.

The experiment appears to have paid off: The winner of the competition, a prewashed denim jeans with leather patches and copper rivets called "Two-Horse Jeans," is expected to register \$20 million in sales this year after its 1982 introduction.

But "Two-Horse Jeans," which are attracting buyers from the overlooked, post-collegiate jeans lover, is just one in a flurry of new products and aggressive marketing ideas that appear to be arresting the company's protracted earnings slump.

The company reported last week that its profits more than doubled in the first quarter ended Feb. 28, to \$35.1 million, or 84 cents a share, while sales increased 8 percent, to \$576.4 million. Although some of the increase was attributed to stronger consumer spending in general, Levi Strauss executives say they are not counting on a growing national economy to sustain the company's performance.

"There are still a lot of questions about the recovery," Robert T. Grohman, 58, Levi's president and chief executive, said in an interview in the

company's San Francisco headquarters. "When somebody around here mentions the recession, we say: 'What recession? We're operating on the basis that this is a way of life.'

That perception has led the company to take such first-time steps as forming distribution links with Sears, Roebuck and J.C. Penney, the biggest and third biggest U.S. retail chains, respectively.

The move, announced early last year, is described by Mr. Grohman as "achieving great success; all three of us are ahead of our targets."

In addition, the company has begun a \$40-million promotion wrapped around the 1984 Olympics; a push into neophyte leisure wear, and an effort, thus far frustrated by the worldwide recession and currency devaluations, to expand sales in 40 countries.

Analysis also believes that an acquisition to be another likely option for Levi Strauss. Despite spending \$500 million to build efficient new plants in the last two years, the company had \$535 million in cash on hand at the end of 1982 and carries a debt load that is only 10 percent of total capitalization.

Mr. Grohman acknowledges that he is reviewing acquisition possibilities and that he has enlisted McKinsey & Co., consulting concern, and Lehman Brothers Kuhn Loeb, an investment house, to help.

"We're not interested in becoming a conglomerate, but we are interested in broadening our diversification base," he said at the company's new red-brick, campus-like headquarters along Fisher's Wharf.

He added that Levi Strauss was also considering

(Continued on Page 9)

## U.S. Studying Alleged Plot on Atlantic Fares

By Ernest Holsendorph

New York Times Service

WASHINGTON — The U.S. Justice Department has announced that it is investigating possible criminal violations of the antitrust laws by airlines flying between the United States and Britain.

Subpoenas will be issued shortly and information will be presented to a federal grand jury here dealing with alleged violations of the Sherman Antitrust Act, said Mark Sheehan, a department spokesman. Friday, he refused to name the airlines involved in the investigation or specify the acts that prompted the inquiry.

Spokesmen for both Pan American World Airways and Trans World Airlines, two large U.S. carriers operating between the United States and Britain, said that they had been notified by the Justice Department about the investigation.

"We will have nothing to say until we see a bill of particulars," said James A. Arey, a spokesman for Pan Am in New York.

Accountants presiding over the liquidation of Sir Freddie Laker's now-defunct Laker Airlines Ltd. in London had charged in a federal court in Washington last November that several of Sir Freddie's competitors and McDonald Douglas Corp. had illegally conspired to drive him out of business by undercutting his discount fares, in order to raise their fares to normal levels after he was no longer in the market.

The officials told reporters at the end Saturday of a U.S.-Taiwan anti-counterfeiting conference that the two countries had discussed various measures to be taken to end trademark offenses.

No details were disclosed but the officials said that the U.S. delegation would submit a report on its findings to the Reagan administration and Congress, as well as to the International Anti-counterfeiting Union congress scheduled to be held in San Francisco in May.

Mr. Sheehan would neither confirm nor deny that the inquiry had been touched off by the private antitrust suit filed by the liquidator of the Laker properties. "I have no comment on that," he said.

Several of the airlines accused in the Laker complaint had tried in vain to block consideration of the case in Judge Greene's court, saying that the complaint should be handled instead in British courts, but Judge Greene denied that petition and said he would proceed. Judge Greene acknowledged in his written opinion that U.S. antitrust laws were tougher than British ones, but said that Sir Freddie was permitted to make his complaint in U.S. courts.

The Laker complaint named a number of reported conspirators, including British Airways, British Caledonian Airways, Pan Am, TWA, Lufthansa-German Airlines and Swissair, as well as McDonnell Douglas, which sold planes to Sir Freddie.

Mr. Sheehan said that lawyers

for the Justice and State Departments had conferred with British authorities twice in recent weeks, and that London had been notified formally earlier last week that the inquiry would proceed formally. The Swiss and the West German governments were also notified, he said.

Sources with the U.S. international carriers said that word began reaching them a month ago that the Justice Department was becoming interested in possible anti-trust abuses in the trans-Atlantic market, about the same time that the Justice Department was making its allegations that there was talk of collusion between American Airlines and Braniff Airways.

## U.S., Taiwan To Bolster Patents

Reuters

TAIPEI — The United States and Taiwan have agreed to join efforts to combat counterfeiting and provide better protection for patent owners, according to officials of the Board of Foreign Trade of Taiwan.

The officials told reporters at the end Saturday of a U.S.-Taiwan anti-counterfeiting conference that the two countries had discussed various measures to be taken to end trademark offenses.

No details were disclosed but the officials said that the U.S. delegation would submit a report on its findings to the Reagan administration and Congress, as well as to the International Anti-counterfeiting Union congress scheduled to be held in San Francisco in May.

The U.S. delegation to the four-day conference included officials from the Department of Commerce and the International Anti-counterfeiting Union and representatives from industrial associations.

The officials said the two sides also agreed on the need for special courts to handle trademark disputes. Apple Computer and Union Carbide of the United States recently filed suits against Taiwanese companies for trademark infringement.

The cases were dismissed by Taipei courts because the companies were not registered in Taiwan.

The Taipei conference was called after widespread complaints by U.S. companies about unauthorized use of their trademarks by Taiwanese manufacturers.

The U.S. delegation left for Seoul to take part in similar talks this week with authorities in South Korea.

All these Bonds have been sold. This announcement appears as a matter of record only.

March 1983

New Issue



## European Investment Bank

ECU 60,000,000

11 3/4 per cent. Bonds due 1991

Banque Bruxelles Lambert S.A./Bank Brussel Lambert N.V.

Amro International Limited

Banque Nationale de Paris

Société Générale de Banque S.A.

Algemeine Bank Nederland N.V.

Banque Générale du Luxembourg S.A.

Banque Internationale à Luxembourg S.A.

Caisse des Dépôts et Consignations

Crédit Commercial de France

Crédit Lyonnais

Deutsche Bank Aktiengesellschaft

Istituto Bancario San Paolo di Torino

Caisse d'Épargne de l'Etat-Luxembourg

S.G. Warburg &amp; Co. Ltd.

Citicorp Capital Markets Group

Continental Bank S.A.&lt;/div



Amount Outstanding	Maturity	Coupon %	Price	Yield At Offer	Terms
Exxon:	1993	7%	99	7.52	First callable at 101 1/2 in 1990.
IADE:	1993	7 1/4	open		Noncallable. Price to be set March 29.

## Caracas Leaves Some Questions Unanswered

By Carl Gewirtz

*International Herald Tribune*

PARIS — For weeks, bankers have been questioning when Venezuela would announce plans to restructure its external debt. There was never any question about the need, as about two-thirds of the foreign debt is bunched into maturities falling due within two years.

Last week, the government finally announced a 90-day moratorium on principal repayments of public-sector debt, pending an agreement to restructure the loans. This widely-expands the 90-day moratorium announced in mid-February, on debt falling due between Feb. 1 and March 31. Interest payments, the government said, will be kept current.

Not included in the moratorium are publicly-issued floating-rate notes and bonds, loans owed to international organizations and trade-related debt.

The news came as no surprise. Nevertheless, it did create considerable confusion. For openers, many bankers

questioned the estimate of \$10 billion of debt falling due this year and needing to be rescheduled, a figure that has not been put forward by government sources in Caracas.

"There's a lot of guesswork in those figures," one U.S. banker said.

Finance Minister Arturo Sosa recently estimated that public-sector foreign debt totaled \$27 billion, of which about \$14 billion was short-term.

More disturbing than the argu-

ment about the numbers is the absence of any statement on the sums of private-sector debt, which bankers estimate totals around \$6 billion. The bulk of this is believed to be loans extended to private banks. Some U.S. bankers said that they assumed there is now a mad scramble going on to pull in all the loans that can be cut before they are frozen.

Three public-sector banks are already included in the moratorium.

Banco Industrial de Venezuela, the agricultural-development bank, Bancajade and the national savings and loan bank Banap. The government measure freezes the interbank loans to these institutions, a move lenders find most upsetting as interbank rates are intended to be short-term.

In the re-scheduling operations for both Mexico and Brazil, interbank lines were stretched out to medium-term loans. But bankers fear that the continued forced stretching of these bank-to-bank lines of credit will lead to a radical change in the operations of the multi-billion-dollar interbank market, which has been the source of a major portion of Euromarket lending.

So far, there are no signs that the interbank market has been seriously affected by these developments, but experts fear that a reaction is inevitable.

A prominent monetary expert did not want to be identified, and that it resulted in telling that it, where rates paid for funds differ according to the nationality of the lender, or in lenders becoming more careful, "that is not an unusual development."

"It's all a question of speed," he said. "If lenders slowly revise their thinking to better recognize the risks, that is to be welcomed. But a

brutal change in philosophy could create problems."

Venezuela is the third largest oil producer in OPEC, but bankers note that its finances were in a mess before the decline in the price of oil.

In addition to the price cut, bankers note, Venezuela, like other producers scrambling to find customers, has been forced to offer customers the option to defer payment for up to six months. This created a cash crisis in Venezuela and similar liquidity problems are building up in all the producing countries except Saudi Arabia and Kuwait, bankers say.

One banker reports that the even the Gulf states are "very discreetly" approaching banks seeking one-to-one deals rather than widely-publicized syndicated loans.

Elsewhere, a feared clash between Yugoslavia and bank creditors over guarantees sought by lenders was averted Tuesday. The Yugoslavs agreed in principle to meet the demand that the federal republic guarantee the refinancing of \$1.4 billion of existing debt and a new loan of \$600 million. The National Bank of Yugoslavia will guarantee the related two-year extensions of short-term credits.

The government is expected to give its formal approval Tuesday, but a final agreement is not likely to be signed before the end of June.

As a result, Yugoslavia will request before April 1 an extension to its 90-day moratorium on principal repayments. Debt falling due between mid-January and end-March had been extended for 90 days, and any debt now falling due before the end of June will be similarly delayed.

The dispute over whether to include export credits in the package ended in a compromise, with banks

refinancing the conguaranteed portion of these credits. However, bankers said that it will take some time to sort these credits out and put a number on the total.

In return for the agreement on guarantees, the banks agreed to make the loan for six years instead of five as they originally proposed. The margin remains unchanged at 13 points over Libor or 14 points over the prime rate.

Analysts said that a forecast of

higher interest rates and tighter Fed policy from Henry Kaufman, the Salomon Brothers economist, also contributed to the rise Friday in short-term and long-term interest rates.

The bellwether 30-year Treasury bond rose by almost a point, or about \$10 for each \$1,000 Friday, to an offered price of 97 12-32, which yielded 10.68 percent, up

By Yla Eason  
*New York Times Service*

**NEW YORK** — Interest rates rose sharply Friday because of concern among investors that the Federal Reserve is tightening credit availability or might soon do so.

Interest rates did not ease off significantly even after the Federal Reserve announced late in the day that M-1, the basic measure of currency and checking deposits readily available for spending, had fallen by \$1.3 billion, to \$497.1 billion, for the week ended March 16.

Analysts said that this was because the M-1 level remained 13 percent above the Fed's annual growth target of 4 to 8 percent for the last three months. In addition, the decline was in line with market expectations.

Analysts said that a forecast of

higher interest rates and tighter Fed policy from Henry Kaufman, the Salomon Brothers economist, also contributed to the rise Friday in short-term and long-term interest rates.

The bellwether 30-year Treasury

bond rose by almost a point, or

about \$10 for each \$1,000 Friday,

to an offered price of 97 12-32, which yielded 10.68 percent, up

**U.S. Consumer Rates**  
For Week Ended March 25

Passbook Savings ..... 5.50 %

6-Month Savings Certificates ..... 9.00 %

Tax-Exempt Bonds

Bank Buyer 28-Bond Index ..... 9.15 %

Money Market Funds

Domestic 7-Day Average ..... 7.88 %

Home Mortgages

FHLB, average ..... 13.59%

from Thursday's close of 10.59 percent. Meanwhile, the three-month Treasury bill rate rose to an offered price of 8.57 percent, up from 8.47 percent Thursday. And the six-month Treasury bill rose to 8.61 percent from 8.51 percent.

Another factor in the interest rate rise was the weak demand for the huge supply of new govern-

ment securities auctioned this week. In addition, the failure of the Fed to inject funds into the banking system, which would help lower the cost of overnight interbank loans, depressed prices of government securities and pushed up yields.

While most economists differ as to whether there has been a firming in the Fed's policy, most believe

that the Fed has not been so free in supplying reserves as in previous months. A high level of bank reserves means that banks have more funds to lend and encourages lower interest rates.

Raul Nicho, vice president of economic research at Money Market Services, an econometric firm based in Belmont, California, said that the lower level of funds supplied by the Fed to meet bank reserve requirements was a signal of a slightly more restrictive Fed policy.

The Fed reported that banks ended the week on Wednesday with only \$61 million in excess reserves. Banks that are members of the Federal Reserve system are required to maintain a percentage of their deposits at the Fed. For most of this year, the Fed has been supplying enough money for the banking system so that banks were averaging an excess reserve position of \$200 million to \$300 million, creating less of a need to borrow in the federal funds market or from the Fed itself.

Other data released by the Fed Friday showed that money-market deposit account growth grew by \$8.2 billion, to \$318.8 billion, in the week ended March 16.

Price May Aug. Nov.

49 100.34m 7.50 100.22m

48 100.30 5.00 100.18m 240.54m

47 100.25 5.00 100.12m 190.52m

46 100.20 5.00 100.07m 170.57m

Gold 411.50-412.50

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**URQUID INTERNATIONAL N.V.**

U.S. 30,000,000

Floating Rate Notes due 1986

For the six months, March 23, 1983 to September 23, 1983 the notes will carry an interest rate of 10% per annum.

The interest due September 23, 1983 against coupon no. 9 will be \$1,351.11 and has been computed on the actual number of days elapsed (184) divided by 360.

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## New Ideas Halting Levi's Slide

(Continued from Page 7)

buying back some of its common shares. Peter E. Haas, 64, the company's chairman, and Robert D. Haas, 40, his nephew and Levi's executive vice president, and their family, collectively own 45 percent

of Levi's jeans market, ages 15 to 25, that was its base 10 years ago.

Sales of other products, which include its David Hunter line of leisure dresswear and women's coordinates, among others, contributed 36 percent of total domestic sales in 1982, compared with 25 percent in 1975. Overseas, the figure increased to 20 percent from 5 percent in 1975.

Mr. Haas said: "We had to increase our share of the apparel business to get back on the fast growth curve of the 1970s. All of this brought the requirement of being a more intensive marketing company than we had been before." As one gauge of the new emphasis, he said, the 1983 advertising budget was raised to \$90 million from \$55 million last year.

Other analysts note that Levi's is benefiting from the declining popularity of designer jeans. Jay J. Melitz, an analyst with Goldman, Sachs & Company, said: "Their whole United States business has shown a real pickup." Levi's shipments, he noted, are up 29 percent over last year.

The company expects to sell

more than 100 million pairs of

jeans this year in the United States, or roughly a fifth of the total domestic market. According to analysts' estimates, Levi Strauss sells twice as many jeans as Blue Bell Inc.'s Wrangler brand.

Mr. Haas said: "Notwithstanding the hoopla of designer jeans, we were the first to really pioneer the use of consumer advertising in the apparel industry."

### Consolidated Trading Of NYSE Listings

Week Ended March 25

Sales High Low Last Close

Westex 9,600,000 32 31 29 27.25

Exxon 4,977,000 305 295 295 27.25

AT&T 4,122,500 295 284 284 27.25

IBM 3,642,400 267 247 247 27.25

Rockwell 3,109,800 257 247 247 27.25

GMAT 3,001,400 270 257 257 27.25

Compaq 2,872,400 257 247 247 27.25

Amoco 2,724,200 257 247 247 27.25

DowCo 2,724,000 257 247 247 27.25

Deere 2,724,000 257 247 247 27.25

Exxon 2,484,400 267 257 257 27.25

General Mills 2,481,500 214 204 204 27.25

General Mills 2,481,5

NEW YORK (AP)—Weekly Over-the-Counter stocks showing the highest percentage price gains or losses for the week with the net change from the previous week's last bid prices. All figures are in dollars. Securities dealers, Inc., are not actual transactions but are the latest prices received from dealers. Prices of these securities could have been sold. Prices do not include retail markups, markdowns. Sales supplied by NASD.

Sales in Net  
100s High Low Last Chg.

ABF Fort.176 485 405 575 575 -34  
AFC 215 274 262 262 +2  
AGC 1645 1945 1745 1945 +1  
AGC Int'l 345 325 325 325 +2  
AMFI.11 115 115 115 115 +2  
ASK Col 342 365 365 365 +2  
Ameri.10 257 257 257 257 +2  
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# Louisville, N. Carolina St. in Final Four

United Press International

KNOXVILLE, Tennessee. — Louisville came back from an 11-point second-half deficit and reeled off 14 straight points in overtime Saturday to defeat Kentucky, 80-68. In Ogden, Utah, meanwhile,

NCAA ROUNDUP

North Carolina State upset Virginia, 63-62.

The visitors advanced to the final four of the National Collegiate Athletic Association basketball tournament.

Georgia was to play defending champion North Carolina on Sunday in the NCAA East Regional final in Syracuse, New York, and Villanova was to meet Houston for the Midwest title in Kansas City, Missouri (see accompanying story). The winners will round out the final four.

In the Midwest Regional final here, Kentucky's Jim Master sent the first game between the interstate rivals in 24 years into overtime with a 15-foot jumper from the baseline at the buzzer. But Louisville was off 14 straight points in the first four and a half minutes of overtime to extend its winning streak to 15.

Louisville turned on a forceful full-court press to force repeated turnovers in the five-minute overtime after the game was knotted, 62-62, at the end of regulation.

In the Midwest semifinals, in Kansas City, Missouri, Villanova edged Iowa, 55-54, as Gary McLain and John Pinone each sank two free throws in the final 23 seconds. And Houston, thanks largely to center Akeem Olajuwon's 21 points and five blocked shots, defeated Memphis State, 70-63.

Terry Fair had 27 points and contributed sharp foul shooting down the stretch to put Georgia in Sunday's regional final against North Carolina. "I think Georgia will always be a football school," Fair said. "But people will know from now on that we have a basketball program."

The urgencies of a Carrier Dome crowd of 23,286 were not enough to carry St. John's; in fact, many among the Redmen following were looking past Georgia in anticipation of meeting North Carolina. One New York City newspaper ran a headline that quoted a St. John's player: "We'll bury Bulldogs."

Hardly. Georgia, fourth in the Southeastern Conference this season but winner of the league tournament, took command in the final half. During a four-minute stretch the Bulldogs went on a 15-4 run for a 49-43 lead with 10:05 to play.

But DePaul's full-court press ignited the scoring spurt midway through the second half, and the Blue Demons' zone defense kept Ole Miss from scoring regularly in the second half. DePaul had a 44-43 lead when it went on a 12-2 tear to take a 56-45 advantage with 10:47 remaining.

The Blue Demons stretched the lead to 15 points before the Rebels staged a mild surge in the closing five minutes.

The winners' Kenny Patterson scored 13 points in the first half, while Michael Partridge added 12 for Mississippi, all in the second half.

DePaul, making its ninth trip to the NIT, scored 18 straight points early in the game to take a 13-4 lead. The Blue Demons were outscored by Ole Miss, 15-6, in the rest of the half as the Rebels closed the gap to 38-29 at halftime.

But DePaul's full-court press ignited the scoring spurt midway through the second half, and the Blue Demons' zone defense kept Ole Miss from scoring regularly in the second half. DePaul had a 44-43 lead

"I think we really confused them," said Louisville's Milt Wagner, who scored 10 of the Cardinals' 18 overtime points. "Every time they'd come down court, we'd get a blocked shot or a steal and we'd get an uncontested shot at the other end."

Kentucky, which finished 23-8, blew a 15-point first-half lead and fell behind by five points before regaining its composure late in regulation.

"We hustled a lot in the second half," said Louisville's Lancaster Gordon, who led all scorers. "We

really brought us back. It's just like when you think practice is over and you have to go practice for five more minutes."

Louisville rallied to erase an 11-point deficit and take a 5-point lead, 58-53, with 7:45 remaining.

Down by 43-32, Louisville put on a steady press, converting three steals into baskets. Louisville pulled to within 45-42 with 15:18 left to play, and Gordon hit a spinning five-footer in the lane to give the Cards their first lead in the game, 50-49, with 11:40 left.

Gordon had 24 points, while Wagner had 18 and Rodney

McCray 15. Melvin Turpin and Master both had 18 and Dick Minfield 12 to lead the Wildcats.

Derek Whittenburg scored 24 points and Lorenzo Charles sank the game-winning free throws in North Carolina State's upset of Virginia for the West Regional title. The Wolfpack never led in the second half until Charles was fouled by Ralph Sampson and hit both foul shots with 23 seconds to play.

Sampson scored 23 points, pulled down 11 rebounds and blocked four shots to keep Virginia ahead throughout most of the game.

Whittenburg hit 11 of his 16 free attempts, including four from beyond the 22-foot three-point line (the baskets were good for only two points, however, because the NCAA does not recognize the three-point goal in tournament play). Whittenburg also sank both his foul shots in a near-flawless performance for the 24-10 Wolfpack.

Virginia (29-5) was unable to pull away in the final minutes on free throws. The Cavaliers were two-of-six from the line in the closing minutes.

North Carolina State overcame a 47 percent shooting performance by forcing Virginia into 15 turnovers to only six for itself. The teams were dead-level on rebounds.

Charles tied the score for the second time in the final half at 59-59 on a short-range jumper with 3:49 to go. After Rick Carlisle missed the front-end of a 1-and-1 free throw 22 seconds later, with the Wolfpack rebounding, North Carolina State appeared ready to stall down to the final seconds for a game-winning basket. But a steal by Craig Robinson and a slam dunk by Sampson put Virginia back ahead 61-59.

Memphis State's Bobby Parks lost control of the ball after a first-period run-in with Clyde Drexler of Houston. The Midwest Regional semifinal was won by Houston, 70-63.



United Press International  
Memphis State's Bobby Parks lost control of the ball after a first-period run-in with Clyde Drexler of Houston. The Midwest Regional semifinal was won by Houston, 70-63.

## Sampson Exits Strong

By Ken Denlinger  
Washington Post Service

OGDEN, Utah — The end had come, and it hurt.

Ralph Sampson's final game as the most praised and pilloried colossus in a generation was one of his best. For pure numbers, he has done better. But in the final stretch for this National Collegiate Athletic Association championship, he was close to brilliant. Animated; anxious to be heroic every moment on the court.

Sometimes, he has melted near

the end of important games. Or

seen to Saturday, he played

harder than 7-feet-4 at times. He

waved for the ball even in the

final moments; that he couldn't get it

one last time in the final 17 seconds was more because of North

Carolina State's tenacity than Vir-

ginia's timidity.

Cavalier faithful are beside

themselves. Surely, some sort of

lob pass must have been possible to

Sampson with a game, a career, on

the line. It would have been fitting for Sampson to make the last Vir-

ginia effort, though not necessarily

the best way to win the West Re-

gional championship.

A State trooper seizes any

body for several seconds. Even

Sampson, it glues a 6-11 guy to one

side, a 6-9 teammate to the other

and has a couple of 6-6 also waving

their arms nearby, in case an

Otell Wilson gets too rash. If

Sampson does get a pass, he gets

clotheslined. Immediately, Hard.

State would rather have him on

the free-throw line under pressure,

where he averaged 65 percent

for 132 games, than high

above the masses for a short jump.

Either way, Wolfpack players

were determined not to let Sampson alter that 63-62 lead his way.

And they were successful.

For what it had available,

Virginia got about as much possible

out of that last play: a good

shooter (Tim Mullen) taking an

open shot within his range. He

missed, and the ball decided not to

bounce toward Sampson with three

seconds still left. A Mullen coming

off of an injury hardly was all a

bright, aggressive defense allowed

Virginia at a critical moment.

That creates powerful frustra-

tion. A bellyful boiled inside

Sampson just after the final buzzer.

So much (112 victories); so little

(no ACC or NCAA titles).

Sampson is too much a gentle-

man to crawl out of sight and ion-

emotional to simply walk away

from such an ending. As Sidney Lowe and Derek Whittenburg were

sweeping the floor with a half-

court hug, while Coach Jim Val-

ano was punching air with his fists,

Sampson grabbed a loose ball.

He squeezed it. Then he soared

into the air with it, went eye-high

to the rim, pulled the ball back and then let loose with as ferocious a

slam dunk as any he's ever made.

Take that, life — even if it doesn't

count. I'm jammmin' you. The

net still quivering, Sampson turned

and walked off the court.

Composed but uncomfortable,

he appeared shortly thereafter at a press conference. He talked, but

said little.

Have there been any tougher

losses? "Been quite a few" — only

22 over four years, although every

victory over Sampson all but made

a team's season. "This is the one

that ended it. It's the toughest."

Sampson was all substance Sat-

urday. He scored from extra-

ordinary range for a man so tall; twice

he passed for easy baskets; one of

his shot-blocks started a fast break

(in a fit of arrogance early, Lowe

tried to loft a lob over Sampson,

who flicked it away; Ricky Stokes

soon was driving for a lay-up).

Sampson took the taunts —

"Choke... Choke... This is your

last game..." Goodbye, Ralphie."

In one 90-second spurt starting

with nine minutes left in the game,

Sampson scored on a finger-roll

over Loranzo Charles (but missed

the foul shot he also earned), turned a Rick Carlisle miss into a

slam and sank two free throws.

That gave the Cavaliers their

biggest lead in 10 minutes, but

Wolverine soon was called for steps and

missed a free throw. He also scored

the penultimate Virginia points.

Virginia Coach Terry Holland's

early postgame thoughts were

about Sampson the man rather

than Sampson the player. "When

he came out of the game [against

Boston College in the West semi-

finals Thursday with four fouls and

19 minutes remaining, you got to

see more to Ralph Sampson than

just a basketball player. Most superstars, most people with

that kind of pressure on them,

would have gone to the bench and

worried about themselves, worried

about what was happening."

Sampson cheered his teammates

instead of

## LANGUAGE

## Phrasedick Brigade

By William Safire

WASHINGTON — Vast numbers of Americans have nothing better to do than pore through old books searching for previous usages of famous phrases.

Whenever these people see the words "coined by," they bristle at the presumption of authorship and are impelled to prove that somebody wrote it earlier. Such literary hawks are members of the Phrasedick Brigade, and do for previous usage what the Squad does for redundancies.

*Take the right stuff*, the phrase meaning a combination of ambition, determination and guts, used by Tom Wolfe as a book title a few years back. An earlier use, cited here, was by W. Somerset Maugham in 1927.

That was not good enough for John O'Shea of New York City, who happened to be perusing a short story by P.G. Wodehouse titled "The Awakening of Rollo Podmarsh," written between 1923 and 1926: "There was, she considered, the right stuff in 'Rollo'."

This was immediately eclipsed by Michael Oliver and Robert Tanenbaum, both of New York, who independently came up with "The Right Stuff," a political satire by Ian Hay published in 1909. Tanenbaum adds that "Ian Hay" is the pseudonym of John Hay Beith, which accounts for my oversight.

They haven't even scratched the surface. "Joseph Conrad uses the right stuff in this sense (modus vivendi, skill) in his short story 'Youth,' published in 1902, points out Samuel Gorenstein of New York. He cites the passage: 'But they all worked. That crew of Liverpool hard cases had in them the right stuff.'

I had just about closed out this file when Barbara Kaplan of New York (evidently the center of the phrasedickdom) came in with an 1864 entry from Anthony Trollope's "The Small House at Allington," in which Lord DeGuerre says proudly of his protégé: "I knew he was made of the right stuff."

Wait — hold that elevator! Here comes Christian Brown of the "Today" show with a letter that Herman Melville wrote to his publisher, John Murray of London, in 1848, telling him how things were progressing with "Mardi": "The arrangement you propose for my next book is not altogether satis-

factory to me. At the least, I should want the advance doubled." That's the right stuff, as every author will attest, but the citation occurs in the next sentence: "It shall have the right stuff in it, to redeem its faults, tho' they were legion."

That's the winoer, further entries will be entertained in this century. If you spot it in your family Bible, keep it yourself.

Same story with *acid rain*, that seemingly modern phrase that has been beating down on the Environmental Protection Agency; it was triumphantly tracked here to 1975. Gary Broolen of Philadelphia quickly bid 1972 with a story he wrote for *The Philadelphia Bulletin* about a United Nations conference in Stockholm.

His ace was promptly trumped by Philip Shaver, the leading phrasedick in Princeton, New Jersey, who happened to be leafing through the 14th edition of the *Encyclopaedia Britannica* (1929) and found under "Smoke and Smoke Prevention" these words: "Evil Effect of Smoke — Acid rain is also directly harmful to plant life and affects adversely the soil, although it is a valuable manure."

Close, but no funky cigar, Phil, from the Georgia Institute of Technology in Atlanta. Professor William Chameides reached for "Air and Rain, the Beginnings of a Chemical Climatology" by Robert Angus Smith, published in London in 1872, probably written in 1858: "It has often been observed that the stones and bricks of buildings . . . crumble more readily in large towns, where much coal is burnt, than elsewhere. I was led to attribute this effect to the slow, but constant, action of the acid rain."

What does this teach us? First, it reminds us to write "found so far" after every "earliest use" of a phrase, which is a precaution to writers and a challenge to readers. Next, it shows that not everyone is staring at television or reading the latest newspaper; somebody, somewhere — even as you read this — is reading an acid-stained climatology text or the letters of the author of "Mohy Dick" to his skinfish publisher or the adventures of Rollo Podmarsh. We should never forget that most people know something that almost everybody else doesn't know and are dying to pass it along.

By Susan Heller Anderson

*New York Times Service*

**N**EW YORK — When André Mentzelopoulos purchased Château Margaux, one of Bordeaux's most illustrious vineyards, in 1976, wine gossips buzzed with rumors that he had bought a \$17-million bijou for his wife, Laura. The Bordelais, disliking the idea that a woman might penetrate the all-male club of great chateau owners, feared that the couple were merely amusing themselves.

Now, six vintages later, the same word that disappointed Mrs. Mentzelopoulos for dismissing employees, for spending too much money, for getting too much publicity and for being a woman, lines up to buy her wine. Experts credit her with turning around Château Margaux — neglected, unloved and unwanted when the Mentzelopoulos bought it — and not solely by lavishing money on it.

"It's risen dramatically and profoundly and remarkably," said Samuel Aaron, president of Sherry-Lehman, the New York City wine store. "She has complete, uncompromising dedication to excellence." The wine writer Alexis Bespaloff observed: "It wasn't just money. You have to do the right thing with the money."

Menzelopoulos bought the chateau through Félix Potin, France's best-known grocery chain, of which he was chairman and 65 percent of whose shares he controlled. He was a financier born in Athens, she was a law student from Toulouse, in southwestern France, and they met while skiing in Switzerland. Before taking over the chateau, Mrs. Mentzelopoulos had no business experience or wine expertise and had lived a quiet upper-middle-class life raising their two daughters in the affluent 16th arrondissement of Paris.

Soon Mrs. Mentzelopoulos was seen cycling through the vineyards of Margaux. Her first move was to hire Émile Peyraud, the Bordeaux enologist. Her second was to dismiss the vineyard's director. "He was neither competent nor rigorous," she said in a recent interview here.

Mrs. Mentzelopoulos said her



See Wilson, The New York Times

Laura Mentzelopoulos, owner of Château Margaux.

husband, while buying the vineyard through his company, had retained ownership and intended that she run it and eventually hand it down to their children. Thus, when Mentzelopoulos died in December 1980, she said, "I had already been spending a lot of time at Margaux."

She was in New York to salute her neighbor at Château Prieuré-Lichine in Margaux. Alexis Lichine, who was named wine author of the century by the wine group Les Amis du Vin. She also got married, to K. Alexis Merentes, who describes himself as "in shipping" and who lives in New York and Athens. The couple will add Paris to their bicontinental lives and Mrs. Mentzelopoulos will continue her weekly trips to Château Margaux.

By 1986 she will have invested nearly as much in the chateau as it cost to buy, some 70 million francs, as against the purchase price of 72 million.

Before the sale, several prospective buyers sought Château Margaux but were rejected, either by the owners or by the French government, which was determined that the winery remain French hands. Besides its distinction as one of the five premiers grands crus classés, the top rating in the Bordeaux classification of

1855, it is the only chateau whose name is also an appellation appearing on other wines from the immediate vicinity of the village of Margaux. The graceful, vaulted chateau building where the wine ages in oak barrels in casks, is a classified historical monument.

The vineyard has existed since the Middle Ages and was once owned by the same family that owned Château Haut-Brion, another of the big five and now owned by C. Douglas Dillon, the former U.S. secretary of the Treasury. The small chateau on the property was built in the early 16th century, then bought by a family of French-Spanish bankers and sold again 50 years later. It has had three owners in the 20th century, most recently the Giesen family, important Bordeaux wine merchants whose fortunes collapsed with the Bordeaux market in 1974.

"Margaux had been in decline for several years before then," Mrs. Mentzelopoulos said. "The first thing we had to do was fix up the vineyards, which were old."

They began a program of replanting and replacing vines more than 30 years old, of declassifying wine that did not measure up and of improving the small quantity of white wine.

In 1981, 20 percent of Margaux's wine was declassified and sold under the label *Pavillon Rouge de Château Margaux*. Grapes from vines less than seven years old go into this wine, Mrs. Mentzelopoulos said, "and wine not good enough for the Margaux label."

"It's not as profitable to declassify," she said, "but for our future reputation we must."

Since 1980, when she renamed making *Pavillon Blanc*, Margaux's white wine, its quality and price have gone up. "Pavillon Blanc is now the best white wine in the Medoc," Lichine said. The chateau makes fewer than 30,000 bottles of it, as against 250,000 bottles of red wine.

Mrs. Mentzelopoulos, however, says she has done little to learn about the mysteries of wine and its sometimes precious trappings. "I've not educated myself about wine," she said. "But I've learned to be rigorous, to not make decisions without research and to surround myself with competent men."

## BEIJING POSTCARD

## Upholding Morality

By Victoria Graham

*The Associated Press*

**B**EIJING — "Comrade Editor mercilessly chastises adulterers and tells jilted lovers out to their acid in their beloveds' faces."

"We try to uphold socialist morality, keep families together and we believe divorce is a last resort," says Gong Yijuan, the self-assured 34-year-old editor of the weekly "Family Affairs" page of the tabloid *Beijing Evening News*.

Gong, married for 10 years to an army officer, sternly advises young people to shun premarital sex, although they are in their 20s. "It is always wrong and they know it," she said firmly.

If her heart ever contradicts the Communist Party line, it doesn't show in her column.

She interviews a 27-year-old woman prisoner who threw sulfuric acid in the face of her twin and his 24-year-old fiance, who had left her for another woman. She pleaded with her husband's lover to return but he discarded her and she took her revenge. In prison she wrote that she loved only her disfigured old man.

Love is difficult for young people in China, Gong says, because they do not court until they are in their 20s and the "last serious date" is regarded as a marriage partner.

"Marriage is the strongest event in China and women expect to be loyal to the first man they love," she said. "So it is extremely hard to cope with rejection and not like the West where people date many times before marriage."

The major problem of married couples, she says, is adultery, which she calls "third party" or "adulterous."

"We always denounce adultery. There is never any excuse," she said. "We hold that once a family is established, unless there is great mutual loss of love, the marriage must be maintained."

Not every family is happy, she admits, "but one must be divorced first before they can love someone else," she said.

Gong had only one year's crash course in journalism before starting the column three years ago. But life's experience has prepared her.

During the Cultural Revolution she was sent to Inner Mongolia to work in a construction corps. There she was separated from her army officer, husband, and many men with indifferent morals tried to woo her. She spurned them all, she says.

Today she says she and her husband live harmoniously with their 8-year-old son and her mother. When she and her husband argue, she says, "I usually give in."

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